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Editorial AS WE SEE IT

The year 1961 may bring extraordinary events; what is already certain is that efforts to look into the future at the beginning of the period are surrounded by extraordinary difficulties. In the first place, the course of business generally during the later months of the year just past was definitely not what had been expected by those whose business it is to peer into the future as an aid to day-to-day operations. It was not only different from what had been expected, but no one seems to be able to say quite why. It is difficult in such circumstances for an observer to feel great confidence in his own judgment of what the future holds. It would be simple enough, of course, to list out the various factors bearing upon the outlook, and apply the usual reasoning to reach conclusions about the future, but that is precisely what was done during the early part of 1960—with embarrassing results. But even more important is the difficulty of making any well informed guess as to what the new Administration at Washington is likely to do—and its policies could very well have much to do with what happens in and to business. The Democratic party drafted and approved a disturbingly rash platform in an atmosphere which strongly suggested that the least responsible groups within the party were in the saddle.

Candidate Kennedy upon being chosen as the standard bearer of the party announced that his program was to be found in the party platform, or words to that effect, and proceeded to a not altogether reassuring harangue about the "New Frontier." It appeared for the moment at least that Mr. Kennedy would, if elected, set out with grim determination to outdo Franklin Roosevelt with innovations, many of which rather obviously would have no place in a really responsible Administration. As the campaign progressed, however, it began to appear less likely that the candidate was taking several of his party platform planks very seriously. More and more as time went on it began to appear quite possible that a Kennedy regime might not be drastically different in its attitudes about current issues, or *(Continued on page 6)*

Business and Finance Speaks After the Turn of the Year

As is our usual custom, THE CHRONICLE features in today's ANNUAL REVIEW AND OUTLOOK ISSUE the individual opinions of the country's leading industrialists, bankers and financiers, also government officials, as to the probable trend of business in the current year. These forecasts, written especially for THE CHRONICLE, provide the reader with up-to-the-minute official views as to the indicated course of business in all industries. The statements begin herewith—

ERNEST R. ACKER

Chairman of the Board and Chief Executive Officer, Central Hudson Gas and Electric Corp.

The gas and electric utility industries look forward to 1961 with confidence that they will continue to demonstrate their solid growth characteristics and to show gains in sales, revenues and earnings. But, we also look forward to a year of significant advances in research, technology, long-range planning and improved operating procedures and to a year which will illustrate, as never before, the industries' ability to promote sales through bold, imaginative programs.

Ernest R. Acker

In 1960 the gas industry invested a record $1,890 million in new construction, almost 7% over the previous record set in 1957 and over 9% ahead of the 1959 outlays. The industry expects to spend $2,219 million this year, a one-year jump of more than 17%. In terms of gas distribution facilities alone, utilities invested $639 million last year and anticipate expenditures of $739 million this year. This tremendous growth in investment is justified on the basis of a growing market for gas house-heating and other applications and on the dramatic development in the number of industrial uses for natural gas. The industry is now serving more than 33½ million customers and is adding about one million customers a year.

The gas utility industry's future will be even brighter if in 1961 methods are devised and adopted to speed up regulatory proceedings with respect to rate filings, thus helping to assure distributing utilities and transmission companies a climate in which they can make sound long-range plans for financing and for extension of service. In the long view the favorable outlook for the gas industry will also require that distributing, pipeline and producing companies and appliance and equipment manufacturers recognize their common interests and work more closely together to keep costs and prices realistic; to develop more useful and less expensive high quality equipment and appliances; and to aggressively promote the wider use of products and processes that are fueled or powered by natural gas.

During 1960 the U. S. electric industry continued to make significant additions to generating capability; further increasing its margin of capability over the rapidly rising demand and advancing even further as the world leader in electric production, in capability and in per capita usage. If anything, the record of this nation's electric industry in 1960 should add to, not detract from, the U. S. position in the competition with the USSR. In terms of generating capability, the U. S. jumped from a position 121 million kilowatts ahead of the Soviets at the end of 1959 to 127.3 million kilowatts ahead at the end of 1960.

Heavy investments in plant additions have been made, not for international scorekeeping, but to contribute to, stay ahead of and share in the expansion of the U. S. economy; its vital industrial growth, the advancing standard of living of the people and the strength of our defenses. In this sincere demonstration of confidence in the present and future of the nation, *(Continued on page 26)*

ANNUAL REVIEW AND OUTLOOK ISSUE

The Security I Like Best . . .

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

This Week's Forum Participants and Their Selections

Air Products, Inc. — Noel E. Domph, Senior Analyst, A. M. Kidder & Co., Inc., New York City. (Page 2)

Dura Corporation — Edward A. Salerno, Security Analyst, Research Dept., A. C. Allyn & Co., Chicago, Ill. (Page 2)

NOEL E. DOMPH

Senior Analyst, A. M. Kidder & Co. Inc. New York City

Air Products, Inc.

In its relatively short corporate history, Air Products has pioneered and attained a leading position in the field of cryogenics (low temperature processing of gases and liquids), an area of rapidly increasing application in military and commercial markets. Since it is one of the largest producers of equipment for the liquefaction of gases, prospective expansion of the company's present markets, and development of new ones, particularly in the more profitable industrial segment of the economy, foreshadow a continuation of the strong growth trend which carried revenues from $1.86 million in 1950 to a record $49.2 million in the fiscal year ended Sept. 30, 1960. At the same time, while profits experienced a similar basic uptrend, extraordinary adverse factors temporarily penalized earnings to the extent that per-share income declined from the peak of $1.69 in 1957 to a four-year low of $1.03 in fiscal 1959.

Noel E. Domph

However, improved cost controls and rapidly growing rental revenues enabled earnings to reverse the downtrend and rebound sharply to $1.40 a share in the latest fiscal year and cash flow to $3.00. Reflecting lower costs and the cumulative benefits of the addition of five new plants (more than doubling capacity) scheduled to go into operation in mid-1961, profits are expected to establish a new high of $1.75 a share, with a further substantial gain, possibly to the area of $2.75—$3.00 projected for fiscal 1962.

Established in 1940, Air Products is a large producer of low temperature gas separation equipment and a leader in the design and construction of oxygen facilities, which are sold or leased under long-term contracts. A breakdown of the company's revenues indicate that the Government accounted for some 60% of 1959 sales, commercial markets 31.4% and rental income 8.6%. Although a comparative newcomer to the industry, characterized by keen competition from much larger and financially stronger firms, Air Products enjoys the enviable distinction of having designed, built and operated plants which supply almost all the liquid hydrogen and more than 85% of the liquid oxygen used in the missile and space program, more than 30% of the oxygen consumed by steel producers, as well as a major portion of the industrial gas used by the chemical industry.

Military demand for oxygen generating equipment for liquid fueled missile engines has been the most significant factor in the company's growth. An important competitive advantage is that the company makes portable liquid oxygen generators, which is of strategic significance in the mobility and dispersal of missile bases, often located in remote areas and overseas. Progress in other advanced fields including fluorine chemicals for solid fuels, electronic cooling equipment for infra-red guidance systems in missiles, work on nuclear reactor propulsion for rockets (Project Rover) and helium conservation could also achieve importance. Company has built and is currently operating the largest liquid hydrogen (considered the ultimate chemical fuel) facility for the Government.

Leasing of oxygen facilities to industry provides a steady source of income and mitigates the effects of fluctuations in steel production and cyclical capital expenditures. Although accounting for some 40% of revenues, commercial business (both sales and rentals) provides the major portion of profits. So far, the largest commercial user of oxygen is the steel industry which consumes ten times the 1955 total. Industry projections over the next decade are for a five-fold consumption increase. The cost savings in constructing oxygen furnaces for steel making, as well as in operating such equipment, impart a strong stimulus to increased oxygen consumption.

Furthermore, demand by other industries (particularly chemicals and electronics) for industrial gas and cryogenic equipment has been growing rapidly, affording an additional source of revenues and earnings with equally impressive potential. Importantly, equipment rental revenues continue to show rapid gains, rising substantially above the previous record level of $4.1 million in 1959 and $1.0 million five years ago. Research expenditures accounted for some 3% of sales, equal to about $1.05 a share. About 113,200 shares (8.3%) are held by five mutual funds. Finances are sound.

Currently priced in the Over-the-Counter Market substantially below the high of 64½ reached in 1959, the shares of this improving company are recommended for intermediate and longer-range capital gains. The $0.20 annual cash payment has been supplemented by a 3% stock dividend. Company plans listing on the New York Stock Exchange in early 1961.

EDWARD A. SALERNO

Security Analyst, Research Dept., A. C. Allyn & Co. Chicago, Ill.

Dura Corporation

The task of finding securities which are depressed in price and which still offer excellent long-term potential is the challenge of every investment analyst. Dura Corporation possesses both of these characteristics. The present severely depressed price of the stock is about 43% below its 1960 high and appears to have discounted the lower earnings anticipated for the first half of fiscal 1961.

Edward A. Salerno

Dura (formerly Detroit Harvester) has exhibited substantial earning power in the past and is constantly striving to increase earnings and broaden the scope of its operations. Progress along these lines includes three cash acquisitions in a span of 16 months, the establishment of Dura Finance Company, the consolidation of manufacturing operations and other internal developments designed to improve cost control and operating efficiency.

For the fiscal year ended July 31, Dura reported earnings of $2.52 per share on sales of over $59 million, compared to $3.38 per share on sales slightly in excess of $50 million the previous year. At present, Dura's stock trades around 16 in the Over-the-Counter market, approximately six times earnings.

The decline in net earnings was the result of competitive price pressures, the steel strike, a 9-week strike at the Zanesville, Ohio, plant and substantial nonrecurring expenses involved in the closing of two plants and integrating their operations at other plants.

Page & Page, a manufacturer of transportation equipment, was acquired in August, 1960. This division has plants located in Portland, Ore., and Denver, Colo., and a warehouse in Oakland, Calif. Dura is tooling its own Paris, Ky. plant to manufacture Page's products, which have heretofore been unable to compete readily in the Midwestern and Eastern markets, due to excessive freight charges. This acquisition, which offers excellent profit potential, was not reflected in the fiscal 1960 report, since it did not become part of the Dura organization until after the close of the year. Additional acquisitions are a possibility.

Dura has a stake in the rapidly growing hospital supply field through its Select-A-Rest contour bed. The head and foot of this bed can be precisely adjusted by the patient himself by means of a push button control. It has been estimated that by 1975, hospitals will be compelled to double the present bed capacity, and automatically adjustable beds will free nurses for other duties. Indications are that more than 3,240,000 beds will be required, twice as many as would be produced by the average growth rate of the past 15 years. Automatically adjustable beds should get a share of this market since they are regarded as labor-saving devices. The manufacture of this bed was begun in 1958 for use in homes and institutions, and the company is quite optimistic about its prospects.

Dura has a long-term contract to supply Montgomery Ward with power lawnmowers. In 1959 the industry sold 3,766,000 units and estimates are that during the 5-year period 1960 through 1964, over 24 million units will be produced and sold for over $2 billion.

Dividends, which have been paid since 1934, are at a very conservative rate of 40 cents annually and provide a current yield of roughly 3%. Stock dividends of 10% and 5% were paid in 1959 and 1960, respectively. Current ratio at the end of fiscal 1960 was 4.3-to-1 and book value exceeded $28 per share.

Dura has some 590,000 common shares outstanding, which will provide considerable leverage when the expected improvement

Continued on page 11

(This is under no circumstances to be construed as an offer to sell, or as a solicitation of an offer to buy, any security referred to herein.)

The Near and Future Outlook And Investments Preferred

By N. L. Jarvis, Partner, Hayden, Stone & Co., New York City.

Wall Street partner's prediction that 1961 will be a good year on balance is backed up by a list of industries expected to turn the corner and to do well. Forces generating an upward growth trend are reviewed and belief is expressed that the stock market trend is also upward with the former likely to have wide swings and the latter to undergo sharp ups and downs around their respective trends. Mr. Jarvis stresses the outlook for oils, and names the companies he prefers in and out of the oil industry.

I have said it before, and I state again, last year was a great year and we had much to be thankful for. In the first place, we are thankful it is over and that the elections are over. It was a relief to have had a major correction in the market from levels of 688 rather than to go through all that this year, at least from the same high levels. It was good, too, to have the correction in the form of an orderly one. Also, it was good to have the correction in various groups without destroying the market balance as a whole. Another point was that as many as 120 stocks made new highs for the year only recently, when so many stocks were under tax selling pressure, or pressure resulting from general weakness from operations of individual companies. It was also a wonderful year because we had the "gold scare" and that it came before Mr. Kennedy's election.

N. Leonard Jarvis

Perhaps this is the "Mark of Zorro" on Mr. Kennedy. I would say it was a warning that the dollar will not, and must not, be played with by excessive spending on the part of government, either here or abroad. It is a warning that money management must be practiced carefully. It is a warning that the new administration does not have a mandate and that the social and economic progress promises to increase spending should receive the eagle eye of a conservative South and a conservative North in the forthcoming Congress and that a massive dose of inflation is not the answer.

Of course, I do not mean to imply that inflation is a dead issue. We have had two years of it at least in the Space Age and the Space Age remains as the new administration enters the scene. Prospects are still with us for about a 1½% annual average rise in the price level over the next 10 years, which was generally expected before the conventions, during the campaign, and is still expected after the elections.

Recovery Factors

Inventories are being cut down realistically, as we have seen happen in the petroleum industry for the last two years. Steel cuts began last spring and now inventories are down to their lowest in 10 years—or only about 12 to 14 million tons. Automobile production is orderly but inventories are too high, while inventories in paper, textiles, lumber and clothing are getting into line. Building materials should be normal by next month. Textile production this year may be 2% lower but it should begin to improve around May and get stronger as the year goes by.

In general, industry followed a hand-to-mouth inventory policy last year. And why not, we have enormous capacity to produce in this country. Why not let the manufacturers carry the goods on their books rather than the retailers? Why not have the manufacturers push their inventories back to the material suppliers? Computers and data processors are giving us a pretty good idea as to what inventories are. Capital goods, such as electrical equipment, machinery, transportation, office furniture, tools and aircraft products may be 10% to 15% higher. Printing and publishing, chemicals and plastics, foods and beverages should be up. Non-residential construction is rising and government spending may be ahead over $5 billion. Personal income may reach a new high by spring in the area of $415 billion. (Government, services and higher wages offsetting factors payroll declines.) More money will be available for mortgages at lower rates so housing starts could be reversed this spring.

Hence, on balance, I think 1961 is going to be a relatively good year despite the possibility that rather disappointing figures may be reported in the next few months or even for the first half year.

Impact of Population Growth

In this country the population rose 30 million to 181 million in the last 10 years compared with less than 20 million in the preceding 10 years and only nine million in the 1930s. It is estimated that by 1970 we will have at least another 35 million more people. There are 17.2 million youngsters between the ages of 10 and 14, and 13.4 million between 15 and 19. In five years there will be 19.2 million between the ages of 10 and 14, 17.3 million between 15 and 19, and 13.5 million between 20 and 24. Furthermore, there will be 42 million children under 10 years of age in 1965 and 47 million by 1970. Obviously one of the jobs ahead will be that of education and the high school group — 14 years of age through 17 and 18—will grow by

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BUSINESS AND FINANCE SPEAKS AFTER THE TURN OF THE YEAR

Starting on the cover page of today's ANNUAL REVIEW AND OUTLOOK ISSUE, we present the opinions of leaders in Government, Industry and Finance regarding the outlook for business in 1961.

* * *

In the SECOND SECTION of today's issue will be found our usual tabular record of the high and low prices, by months, of every stock and bond issue in which dealings occurred on the New York Stock Exchange during 1960.

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OBSERVATIONS...

BY A. WILFRED MAY

A BEAUT IN DOUBLE-TALK

Stock market reporting and comment, as we have pointed out before, chronically evidences the foible of interpreting the outside news to fit the prior market price action. This *Rationalization via Hindsight* has centered on such external events as war scare, strike developments, and even tax-raising. For example, if "the market" has advanced, a war scare is interpreted as bullish, "of course," because of inflation and the stimulus to stepped-up economic activity to result from stepped-up defense spending. When, on the other hand, *declining* market prices accompany the same event, we are reminded that, "of course" again, the general uncertainties of wartime, including the imposition of stringent controls, make such threat a *bearish* factor.

But now we are being treated to a real *Beaut* in such double-talk. The decline of steel production to 50%-or-so of capacity was first cited as the habitual explanation of the market's recent bearish action. Now, the subsequent substantial rally in steel shares, in the generally rising market, is being "explained" in considerable market comment by the astounding thesis that "since the steel business is so bad, its only direction from here can be up." (Could we imagine hearing such a Pollyanna-ish conclusion had the market prices continued to decline?)

This news-doctoring by the commentators is premised on a major fallacy governing general investment behavior; that is, regarding the stock market as essentially a forum for betting on the fluctuations in short-term political and business elements, in lieu of its constructive service toward the acquisition of a liquid stake in going enterprises.

STEPPED-UP DIVERSIFICATION TREND

Becoming ever stronger is the quest for portfolio diversification. This is now highlighted in the mutual fund area in the continued merging of separate industry trusts into a single widely diversified stock unit.

This is all to the good, in emphasizing investment for long-term holding in lieu of trying the impossible of timing cyclical functions of particular industries. In some instances, holders have switched from one industry fund to another, paying a "Load" averaging 4½%. Diversification has always represented a foremost advantage of the investment company. ("By placing his money in the hands of professional managers . . . the smallest investor can enjoy precisely the same *diversification* and constant supervision as the wealthiest man on Wall Street." — (From "INVESTMENT COMPANIES," 1960, by Arthur Wiesenberger & Co., p. 15.)

This shift away from specialized industry units, as in the fields of transportation, chemicals, television, insurance, oil and other energy, is confirmed by the statistical evidence. In their proportion of the Fund industry's total assets they have declined by about 16% during the past three years, while Diversified Common Stock Funds have simultaneously gained by about the same degree. Thus, from the viewpoint both of investment advantage and existing promotional difficulties, the switch is desirable.

The Legal Considerations

From legal considerations, also, is the transfer from specialty to diversity feasible as well as fashionable. The Investment Companies Act of 1940, with its initial controversial amendment proposals of last year considerably watered down, permits such policy changes.

Majority Rule

Section 8 of the Act provides that the registration statement must set forth the policy of the Fund respecting activities of various types, including "concentrating investments in a particlar industry or group of industries."

But *changes* in investment policy with portfolio concentration and diversification specifically included, may be made if authorized by the vote of a majority of its outstanding voting securities. Such required majority has been secured in the past, and is now being repeated in a large pending reorganization involving a group of 12 industry funds.

Recent Purchaser's Problem

While the change from an anachronistic specializing policy is probably advantageous to the majority of long-term shareholders the status of a specialty Fund's more recent purchasers is different. Take the case of the one, two or three year amateur shareholder. As a prospect, he was so recently persuaded of a specialty set-up's advantage, both *per se* and in comparison with the available diversified portfolio type. The convincing persuasion may have come from the vigorous verbal blandishments of a salesman. And/or it may have come from printed promotional material.

We find such persuasion exemplified in a pamphlet distributed as late as last July on behalf of one of the specialty funds now being merged. After describing it as "a diversified and professionally managed list of chemical stocks," there is this further representation: "Chemicals and chemical products are basic in the operation of practically every industry. Accordingly, the common stocks of chemical companies reflect both the dynamic long-term growth of the economy and the proven ability of the chemical industry itself to enlarge its markets through constant development of new products and new processes."

Subsequently, only a few months later, the shareholder is told by his same management that the previous information given to him as to the desirable type of fund has been erroneous. So now he is forced to switch; or else liquidate with the loss of the "load" (buying commission) of 8½% which he has paid.

If his purchase had been made within the preceding three or four years, the "load" would not even be covered by the total net investment income gained by him. Hence we are convinced that a *sine qua non* of such reorganizations should be the remission of the load, at least to the comparatively new shareholders who may choose liquidation in lieu of being transferred to a diversified fund —irrespective of the procedural difficulties that may be involved.

* * *

IN OUR MAIL BOX

In recent columns we have pointed out the need for employing realism in tax conclusions. In "Wishful Tax Thinking," on Dec. 15 last, we included a call to recognize the fictions involved in the promotion of year-end liquidation to establish losses. We pointed out some of the little realized offsets, as the simultaneous acquisition of a potential taxable capital gain, brokerage commission expenses, etc., etc.

Among a considerable volume of approving mail received, is the following by a mid-western trust company officer.

"I can only agree most wholeheartedly with your observations. Each year we go through the same problems in this office and in most instances the people who are selling for tax losses need not do it at all. I have explained so many times that it is often dollars in their pocket to postpone any tax loss sale to the following year if they are at all interested in getting out of the security that they are in. The ridiculousness of the situation was highlighted this summer by a customer who in all sincerity decided he wanted to go into business to lose money to reduce his taxes. And this, believe me, is the honest truth.

"I hope that the article can be widely distributed so that all investors would have an *opportunity to read it.*"

E. W. WILTSCH
Assistant Trust Officer
Mercantile Trust Company,
St. Louis, Mo.

Mutual Savs. Bks. Schedule Meetings

The National Association of Mutual Savings Banks has announced the following schedule of conferences:

1961:

February 14 and 15—
13th Annual Conference on Operations, Audit and Control —Boston, Mass., Hotel Statler.

February 16—
Personnel Management Conference, Boston, Mass., Hotel Statler.

March 7, 8 and 9—
3rd Annual Washington Conference, Washington, D. C., Willard Hotel.

May 1, 2 and 3—
41st Annual Conference, Philadelphia, Pa., Penn-Sheraton Hotel.

December 4 and 5—
15th Annual Mid-Year Meeting, New York (hotel to be announced).

1962:

May 6-9—
42nd Annual Conference, Seattle, Wash., Olympic Hotel.

1963:

April 27-May 1—
43rd Annual Conference, Boston, Mass., Hotel Statler.

Reynolds & Co. To Admit Partner

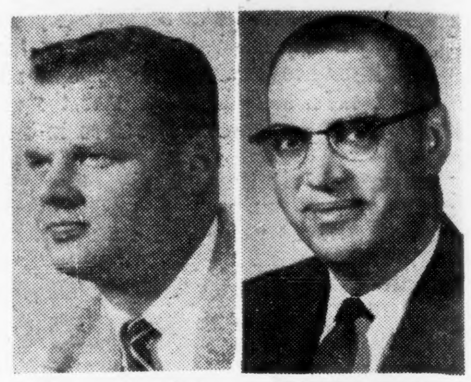
Reynols & Co., 120 Broadway, New York City, members of the New York Stock Exchange, on Jan. 26 will admit Norwood Norfleet to partnership.

Houston Stock & Bond Club Outing

HOUSTON, Texas.—The Stock & Bond Club of Houston will hold their Annual Field Day, Feb. 24, 1961, at the Champions Golf Club.

Diehl & Craft With Wheeler & Cruttenden, Inc.

LOS ANGELES, Calif. — Wheeler & Cruttenden, Inc., 618 South Spring St., members of the Pacific Coast and Midwest Stock Exchanges, announce the election of Robert D. Diehl and Verner H. Kraft as Vice-Presidents and the opening of an over-the-counter trading department under their direction.



Verner H. Kraft Robert D. Diehl

Mr. Diehl, Manager of the Trading Department of Paine, Webber, Jackson & Curtis, Los Angeles, for the past 12 years, has been prominent in a trading capacity for over 28 years in Cleveland and Los Angeles. He was President of the National Security Traders Association in 1958, and had been Vice-President for two years prior to holding that office. He has also served as President of the Cleveland Security Traders Association in 1941, and as President of the Security Traders Association of Los Angeles in 1951. Mr. Diehl has also held various NASD posts during his years in the securities business.

Verner (Mike) Kraft entered the securities business on a part time basis in 1946 while going to school, in the trading department of Oscar F. Kraft & Co. Upon graduation from the University of Southern California in 1953, he became a full time trader in his father's firm and when Oscar Kraft retired in 1960, he joined Stern, Frank, Meyer & Fox of Los Angeles and was associated with its trading department until last December. He was Treasurer of the Security Traders Association of Los Angeles in 1959, and is considered an outstanding young trader on the Pacific Coast.

John E. Wheeler and Walter W. Cruttenden Jr., feel that this expansion rounds out the firm's activities which have been primarily that of Floor traders, specialists and odd-lot dealers.

The State of TRADE and INDUSTRY

Steel Production
Electric Output
Carloadings
Retail Trade
Food Price Index
Auto Production
Business Failures
Commodity Price Index

This being the CHRONICLE'S Annual Review and Outlook Issue, we can, pardonably we're sure, think of no better way for the reader pondering the probable course of trade and industry in the year ahead to give careful consideration to the views and opinions expressed herein by the participants in our yearly symposium on the subject. As noted on the cover page, the roster of contributors includes, in addition to personages prominent in public life, an extraordinary cross-section of the nation's leading industrialists, bankers and financiers. Written for the most part, expressly for the CHRONICLE, the articles constitute an invaluable set of guideposts to the general economic outlook and, perhaps more importantly, to the expectations for the specific components of the nation's entire economy.

Bank Clearings for Jan. 14 Are 10%-9% Above Same Week Last Year

Bank clearings last week showed an increase compared with a year ago. Preliminary figures compiled by the *Chronicle* based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, Jan. 14, clearings from all cities of the United States from which it is possible to obtain weekly clearings was 10.9% above those of the corresponding week last year. Our preliminary totals stand at $29,204,480,768 against $26,337,810,855 for the same week in 1959. Our comparative summary for the leading money centers for the week ended Jan. 14 are as follows:

Week End. Jan. 14—	(000s omitted) 1961	1960	%
New York	$16,317,808	$13,111,358	+24.5
Chicago	1,364,515	1,408,310	— 3.1
Philadelphia	1,156,000	1,126,000	+ 2.7
Boston	814,796	778,867	X 3.3

Steel Shipments Above December's Dormant Markets Awakening

Steelmakers are happier this week than they have been for the past several—despite the bigger than expected cutbacks in the auto industry, *Steel*, the metalworking weekly, said.

January shipments are running well ahead of December's, and there are signs of life in markets that have long been dormant.

Oil companies are buying more seamless tubing — apparently because their stocks are abnormally low. And, can companies, following the normal seasonal trend, are ordering more tin plate than they took in December.

To a degree, steelmen anticipated auto industry curtailments, but it now appears that the cutbacks will be more severe than originally thought.

As automakers adjust production schedules to sales, they are pushing some of their January steel into February, and, as a result, placing fewer new orders than the steel companies expected. This may hold any increases in late January to a minimum because other industries have not fully taken up the slack. But, productionwise, it means that February could be about as good as January.

Some sources think steel production will level off this week. *Steel* estimates that ingot output last week rose almost 3% to 1.4 million net tons from the 1,361,000 tons reported for the preceding week. In part, the higher production reflects efforts by some mills to replenish semifinished stocks.

Output in the Birmingham steelmaking district is expected to level out at its current level, the highest since November. Philadelphia district operations are tending upward. Detroit district steel mills are producing at the highest level of any section in the country. Buffalo district output is at a preholiday level. Operations at Cincinnati district mills vary, but an upward trend is expected within the next few weeks.

Some price fighting is taking place in the steel industry, the publication said. A few smaller mills are granting large reductions to warehouses which, in turn, peddle the products at below-mill prices. And some tubing mills and warehouses are absorbing freight costs on shipments outside territories which they normally serve.

Scrap prices continue on the recovery trail. *Steel's* scrap price composite on No. 1 heavy melting grade rose for the third week in a row. Up 83 cents to $31.83 a gross ton, the composite is still $10 below the year-ago level.

The zinc market is bothered and bewildered by probably the most confusing price situation in the industry's history, *Steel* said.

As the market failed to pick up in the fourth quarter, discounting became intense. Contracts were reportedly offered that guaranteed shipment of metal at ¼ to ½ cent a pound under the quoted price, no matter what it might be.

Last week, most producers lowered quoted prices; some didn't quote a price at all. At midweek, no one knew what the selling price of zinc would be a few days hence.

Non-Auto Industry Orders Help Current Steel Picture

An improvement in new orders from general steel users is counterbalancing new automotive cutbacks, *The Iron Age* reports.

But the latest series of setbacks from Detroit may wipe out much of the expected recovery in January. They also begin to threaten the February-March outlook, the national metalworking weekly says.

The result of the general improvement, weighed against the automotive cuts, is a shifting in balance of the steel market. Automotive buying throughout 1960 made sheets the dominant product. As a result, mills with heavy automotive buyers were not as hard-hit by the over-all drop in steel buying.

Now, mills with a broad range of customers will find themselves in a better position compared with late 1960. The automotive outlook, which is not yet resolved, will affect the heavy automotive suppliers.

The magazine cites shipment figures to point out the dominant role automotive played in the steel market in 1960.

Shipments of hot-rolled, cold-rolled, and galvanized sheets hit 24 million tons in the first 11 months of 1960. This was greater than for any full year since 1956. The 12-month totals will show that 1960 was the second biggest year for those products of any in history. The best was 1955.

Percentage figures tell an even more striking story. Hot-rolled, cold-rolled, and galvanized sheets accounted for 35.8% of steel shipments in the first 11 months of 1960. This was the highest percentage for any year in recent history.

This dominant position of the automotive market, compounded by the new cutbacks, accounts for tempering of early-year enthusiasm. But there are some good signs, too.

Tinplate is picking up seasonally. Oil country seamless tubing has made decisive gains. Warehouses, particularly in the Midwest, are showing signs of better business. Some of the larger service centers report a 15% pickup this month over December.

Then, too, automotive cutbacks this week may not be decisive. Any pickup in automotive sales would result in immediate reinstatement of set-back orders. However, a major re-scheduling of automotive tonnage is at best a hope, not an expectation.

Steel Production Data for The Week Ended Jan. 14

As previously announced (see page 26 of our issue Dec. 22) the American Iron and Steel Institute has materially changed its weekly report on the steel industry operations. The revised formula no longer relates production totals as a percentage of the industry's operating rate based on the Jan. 1, 1960 over-all productive capacity. Instead, and effective Jan. 1, 1961, the output figures are given as an index of production based on average weekly production for 1957-59.

The revised method of reporting presents the following data:

Production for week ending Jan. 14, 1961 was 1,482,000 tons (79.6*) an 8.9% gain over previous week's output of 1,361,000 tons (73.1*).

Production this year through Jan. 14, amounted to 2,843,000 tons (76.3*), or 47.8% below the 5,442,000 tons (146.1*) in the period through Jan. 16, 1960.

The institute concludes with Index of Ingot Production by Districts, for week ended Jan. 14, 1961, as follows:

District—	*Index of Ingot Production for Week Ending Jan. 14, 1961
North East Coast	83
Buffalo	68
Pittsburgh	70
Youngstown	73
Cleveland	77
Detroit	99
Chicago	86
Cincinnati	76
St. Louis	78
Southern	80
Western	90
Total industry	79.6

* Index of production based on average weekly production for 1957-59.

Automobile Production Down 35.4% From 1960 Week

Truck manufacturing in the U. S. during the first three months of 1961 will retract 28.2% under first-quarter 1960 as various producers adjust their production schedules to shifting market requirements, *Ward's Automotive Reports* said.

The statistical agency indicated that truck making programs for the first quarter point to 272,900 completions, compared with 379,920 for January through March last year and 313,241 in the same 1959 period, but will stay well above output in the first quarter of 1958 (227,356 units).

Ward's estimated that 20,199 trucks were turned out at U. S. plants in the week ended Jan. 14, compared with 16,174 last week and 29,793 trucks in the same year-ago week.

Car production this week was estimated at 112,224 units, up 51.2% from last week's (74,204 units) holiday-shortened session but 35.4% off auto output in the same week last year (173,713).

Ward's said that a shorter work week and "down" time at some plants restrained assembly activity, six of 13 Chevrolet factories were scheduled for four days as were Buick - Oldsmobile - Pontiac facilities at Arlington, Va., and Atlanta, Ga. The B-O-P works at Linden (N. J.) had a 4½-day program.

Idled all week was American

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AS WE SEE IT

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most of them, from that of the outgoing Eisenhower Administration.

More Encouraging

As cabinet and other key posts were being filled during more recent weeks some such impression appeared to be supported on the whole. The more radical elements in the party will not move into the key spots. The President-elect does not seem to share the contempt for balanced budgets and responsible fiscal policies which have for so long been plainly in the minds of some of his supporters. He has had innumerable "task forces" at work preparing studies and recommendations covering many of the diverse areas he must now become responsible for. Some of the documents plainly show the marks of New Deal thinking. Indeed most of them do, but some of them which seem particularly important reveal clear perception of the peculiar circumstances which now limit the freedom of the Administration in setting up its policies, and none so far as we have seen them seem to be nearly as irresponsible as some of the key planks in the Democratic platform.

It will be recalled, however, that the Democratic platform of 1932 upon which Franklin Roosevelt was chosen contained not a hint of what was to follow.

It could be a mistake to look to the platform of the party in 1960 for definite clues to what is now ahead of us.

This is, of course, the more encouraging side of the shield. It unfortunately has another side. The President-elect has made it clear that he intends to embark upon a number of programs which can not fail to cost a great deal of money —which naturally means large deficits or higher taxes unless offsetting economies are effected and no evidence of any of the latter have put in an appearance as yet. Senator Douglas would have the Federal Government undertake many costly things in so-called depressed areas, not only costly but very dubious things. Precisely the degree of influence this well known member of the President's party will have upon the Kennedy Administration remains for the future to disclose. Extensive health insurance for the aged is apparently projected by the Administration more or less upon a pay-as-you-go basis, but the definitive facts remain for the future to disclose. The large scale outlays for education and housing which appear cardinal parts of the Kennedy programs are certainly not quieting.

Task Forces Aplenty

A report by a task force under the directorship of Professor Samuelson of MIT* was well seasoned with New Deal philosophy as one would expect, but it must be said in all candor that a keen realization of current circumstances which limit what the Federal Government can well do in several directions was apparent. But there was a good deal of comment about various expenditures by the Federal Government which would be worthwhile in their own right. Many of these do not appear to us to be particularly responsible and not in the least likely to do all that the learned Professor

*See full text on page 14.

seems to assume that they would. They seem to fit in nicely with the notions of the incoming President's Chairman of Economic Advisers, Walter Heller, who, as it will be recalled, expressed himself as chiefly concerned not with an early recovery from the current recession but with longer term growth.

It is the uncertainty about what will actually be done in many of these areas that renders the task of peering into the future at this particular time rather more than ordinarily difficult. The fact that not only the more or less ordinary steps for correction of the current recession are under active advisement adds to the uncertainty. Promises but without specifications—to speed growth also render the current outlook rather more than usually obscure. The observer is placed under the necessity of divining not only what the efforts to bring an end to the current recession may do but also the longer term effect of various measures that may be coming out of Washington for the purpose of stimulating immediate growth.

Of course, the practical businessman cannot permit himself to become too fully absorbed with what may happen some years from now—at least not to the neglect of what is likely to happen tomorrow or next month or six months from now. Neither can he permit himself to be governed in too large a degree by what may happen as a result of any of the "modern" programs of government. Were he to do so, he would all too often probably feel much more inclined to shut up shop and call it a day than the facts really warrant. The truth is that what is now termed "the economy" of this country is tough and doubtless will continue to be. It is able to absorb almost incredible amounts of punishment. It has been able and is able to do so now chiefly for the reason that businessmen are not easily discouraged and are incredibly resourceful in adapting their operations to that which they cannot change.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

President Eisenhower will undoubtedly retire from office as one of the most beloved Presidents we have ever had. He could have undoubtedly been elected for a third term if there were not the constitutional prohibition.

But, according to the mail being received by members of Congress, the people don't want to pay him two salaries, one as a general and the other the retirement pay of a President.

Mr. Eisenhower is reported to have made known that he would like to have his rank restored as a general of the armies. The army was his career and he is said to want to die as a general. As a retired President, he would receive $25,000 a year and an additional $50,000 in tax free expenses. As a general of the armies he would receive $21,000 a year and have a staff assigned to him.

He is reported to be willing to forego the general's salary if he can get the rank. In the meantime, the word has gone out over the country that he would like to have both salaries. The people vote "no" on this, according to the rather heavy Congressional mail.

The historians will have to appraise Mr. Eisenhower's services as President. Current commentators are not so enthusiastic about it. As a result of his penchant for playing golf the word has become almost an ugly term, and President-elect Kennedy is reported to be planning to eschew it except when he is on vacation. He doesn't belong to a golf club in Washington and is said to have no intention of joining one.

Regardless of what the historians may say about Mr. Eisenhower's record, he was of very little service to the Republican Party except in the latter months of his Administration. He took the attitude that he was the President of both parties and when he first assumed office in 1952 he did very little to displace the Democrats as Mr. Kennedy is doing with the Republicans. In fact, in his first term he toyed with the idea of creating an Eisenhower Party. His lack of partisanship made it impossible to build up Republican organization nationally.

Things seemed to have gotten better for the Republicans after Sherman Adams retired. Mr. Eisenhower seemed also to pay more attention to the Presidency.

While Adams was on the job he was to all intents and purposes the President and Mr. Eisenhower seemed content to let him run things. It was the old chain of command system of the army.

Mr. Eisenhower's departing shot was to send up a budget calling for a $1½ billion surplus in fiscal 1962. Part of that, though, if not a great part, is contingent upon an increase in postage rates and a continuation of the additional one cent a gallon on gasoline which are both highly problematical. The additional one cent a gallon on gasoline is supposed to expire June 30. The oil companies and road builders are already agitating for its repeal as promised.

Without these a balanced budget would be achieved with little or no surplus. However, Mr. Kennedy has no intention of sticking to a balanced budget. He intends to start a lot of pump priming and then his appropriations for education, space and defense will run the budget up.

Franklin D. Roosevelt with vastly more serious unemployment than at present launched a pump priming campaign. From 1933 when he entered office until 1941 he spent $25 billion on pump priming and still had 12,000,000 unemployed when the war broke. In fact WPA remained in existence a few months after the war started and was still trying to justify its existence.

According to Mr. Roosevelt's experience, pump priming won't work. However, he accompanied it with a continuous onslaught on business. Economic moralists were the watchword of the day. Business was discouraged from improving by his ceaseless attacks. He seemed to want to put every banker in jail and every big business man. It was not a healthy atmosphere for business.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

IT IS UNDERSTOOD THAT THE FIRMS MENTIONED WILL BE PLEASED TO SEND INTERESTED PARTIES THE FOLLOWING LITERATURE:

Banks, Insurance, and Savings and Loan Stocks — Report — Kidder, Peabody & Co., 17 Wall St., New York 5, N. Y.

Canada's Budget — Report—Wills, Bickle & Co., Ltd., 44 King St., West Toronto 1, Ont., Canada.

Canadian Government Bonds — Bulletin — Greenshields & Co. (N. Y.) Inc., 64 Wall St., New York 5, N. Y.

Canadian Market — Discussion of outlook — Draper Dobie & Co., Ltd., 25 Adelaide St., West Toronto, Ont., Canada. Also available is a list of suggested portfolios for various purposes.

Canadian Market — Bulletin — Doherty Roadhouse & Co., 335 Bay St., Toronto, Ont., Canada.

Canadian Tax Proposals and effect on U. S. Investors—Report—Vance, Sanders & Co., 11 Devonshire St., Boston 9, Mass.

Chemical Industry—Brochure on the outlook — Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available is the current issue of "Pocket Guide" containing lists of suggested securities in various categories.

Cosmetics Industry — Review — Hemphill, Noyes & Co., 15 Broad St., New York 5, N. Y. Also available are data on **Avco Corp., Coral Ridge Properties, Inc., Talon, Inc., General Drive In Corp.,** and **Arvin Industries.**

Exciting Universe of Union Carbide — Booklet on products and processes — Union Carbide Corp., 270 Park Ave., New York 17, N. Y.

Favored Common Stocks—Review —Eastman Dillon, Union Securities & Co., 15 Broad St., New York 5, N. Y. Also available are reports on **Standard Kollsman Industries** and **Dubois Chemicals, Inc.**

Favorite Fifty—Selected Securities—Van Alstyne, Noel & Co., 40 Wall St., New York 5, N. Y.

Fertilizer Industry — Review — Fahnestock & Co., 65 Broadway, New York 6, N. Y. Also available is a review of **Link Belt Co.**

Foreign External and Internal Securities—1960 Year End Prices —New York Hanseatic Corp., 120 Broadway, New York 5, N. Y.

Graphic Stocks—1961 issue containing over 1001 charts showing monthly highs, lows, earnings, dividends, capitalizations, volume on virtually every active stock listed on New York and American Stock Exchanges, covering 12 years—single copy, $12; yearly (6 revised issues) $60.—Sample page on request—F. W. Stephens, 87-C Nassau St., New York 38, N. Y.

Great Plains—Information on industrial opportunities of area served—Kansas-Nebraska Natural Gas Co., Inc., Hastings, Neb.

Guide to Success in the Stock Market: Guide to the market; stocks for the surging sixties; stop-loss orders; tax-exempt income; and mutual funds explained —Sponsored by New York Security Dealers Association and Edited by Ira U. Cobleigh—Avon Book Division, Hearst Corp., 959 Eighth Ave., New York 19, N. Y. —paper, 35 cents (by special arrangement brokers may obtain in quantities [minimum quantity 25] from New York Security Dealers Association, 26 Broadway, New York 4, N. Y. at a cost of 20 cents per copy).

Japan Banking Guide — Booklet containing names and addresses of banks in the five principal cities in Japan and including banking hours and holidays observed in Japan and New York, and names and addresses of major hotels in eight different cities in Japan — Manufacturers Trust Co., 44 Wall St., New York 15, N. Y.

Japanese Market — Review — Nikko Securities Co., Ltd., 25 Broad St., New York 4, N. Y. Also available is a report on **Honda Motor Co., Ltd.**

Japanese Market — Review — Yamaichi Securities Co. of New York, Inc., 111 Broadway New York 6, N. Y. Also available are reports on **Korakuen Stadium Co., Ltd.** and **Tanabe Pharmaceutical Co., Ltd.**

Japanese Stock Market — Survey —Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. Also available are analyses of **Yawata Iron & Steel; Fuji Iron & Steel; Hitachi Limited** (electronics); **Kirin Breweries; Sumitomo Chemical; Toyo Rayon, Toanenryo Oil Company; Sekisui Chemical Co.** (plastics); **Yokohama Rubber Co.;** and **Showa Oil Co.**

Market in 1961 — Discussion of outlook—Penington, Colket & Co., 70 Pine St., New York 5, N. Y.

Market Outlook for 1961—Report including a list of 136 common stocks with returns ranging up to 6% — Booklet FC 34, Hornblower & Weeks, 40 Wall St., New York 5, N. Y.

New York Bank Stock—Bulletin on leading New York City Banks —Laird, Bissel & Meeds, 120 Broadway, New York 5, N. Y.

Oil Stocks—Bulletin—Edward D. Jones & Co., 300 North Fourth St., St. Louis 2, Mo.

Over-the-Counter Index — Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 20-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Patterns for Growth in the Sixties — Review with particular reference to **Leisure & Recreation, Cosmetics and Toiletries, Textbook Publishing** and **Vending Machines** — The Milwaukee Co., 207 East Michigan St., Milwaukee 2, Wis. Also available is a survey of stock holdings of Wisconsin residents.

Preferred Stocks issued during 1960—Annual compilation—Eastman Dillon, Union Securities & Co., 15 Broad St., New York 5, N. Y. Also available is a similar compilation on **Equipment Trust Certificates** offered publicly in 1960.

Private Life of a Public Utility—Booklet — Long Island Lighting Co., 250 Old Country Road, Mineola, L. I., N. Y.

Public Utilities serving depressed areas—Outlook—Alfred L. Vanden Broeck & Co., 55 Liberty St., New York 5, N. Y. Also available are reports on **Eastern Utilities Associates, Pennsylvania Power & Light Co., Southern Indiana Gas & Electric Co., Certain-Teed Products Corp.**

Publishing Industry—Report—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y.

Quality Stocks for Above Average Yield—Bulletin—Goodbody & Co., 2 Broadway, New York 4, N. Y.

Railroads in 1961—Report—A. M. Kidder & Co., Inc., 1 Wall St., New York 5, N. Y. Also available is a report on **Mississippi River Fuel Corp.** and comparative figures on leading **New York City Banks.**

Representative Stocks—Arranged according to industries —F. S. Moseley & Co., 50 Congress St., Boston 2, Mass.

Selected Investment Ideas—Bulletin of suggestions—Kalb, Voorhis & Co., 27 William St., New York 5, N. Y. Also available are data on **Anheuser Busch, Meat Packers, Kayser Roth Corp.**

Steels—Survey—Shields & Co., 44 Wall St., New York 5, N. Y. Also available is a survey of **Giddings & Lewis.**

Stocks With Above Average Yield — Bulletin — Courts & Co., 11 Marietta St., N. W., Atlanta 1, Ga.

Ten Stocks for 1961 — Special circular on 10 issues which appear attractive — Circular F — G. H. Walker & Co., 45 Wall St., New York 5, N. Y.

Transfer Tax Rates—Booklet giving current Federal and State Stock original issue and transfer tax rates—Registrar and Transfer Co., 50 Church St., New York 7, N. Y.

U. S. Banks—Comparative figures on 15 largest banks in the U. S. —Bankers Trust Co., 16 Wall St., New York 5, N. Y.

Upstate New York — Information on area served—Niagara Mohawk Power Corp., Director of Area Development, Dept. DF 1, 300 Erie Boulevard, West, Syracuse, 2, N. Y.

* * *

American Air Lines Inc.—Review —John H. Lewis & Co., 63 Wall St., New York 5, N. Y.

American Potash & Chemical Corporation — Analysis — Hornblower & Weeks, 40 Wall St., New York 5, N. Y. Also available are data on **S. S. White Dental, American Seating, Bendix, Spencer, Kellogg** and **W. R. Grace.**

Astrex Inc. — Report — William Norton Co., 44 Wall St., New York 5, N. Y.

Bache Selected List for 1961 — Brochure—Bache & Co., 36 Wall St., New York 5, N. Y. Also available is a report on **American Tobacco** and chart analyses of **U. S. Rubber** and **American Cyanamid.**

Borg Warner — Memorandum — Blair & Co., Inc., 20 Broad St., New York 5, N. Y. Also available are memoranda on **American Cyanamid, Diamond National, Fansteel, General Tire, Goodrich International Resistance** and **Chas. Pfizer.**

Bristol-Myers Co.—Data—Carl M. Loeb, Rhoades & Co., 42 Wall St., New York 5, N. Y. Also available are data on **Calgary Power Co., Ryder System, Inc., Falconbridge Nickel Mines Ltd.** and **White Stores, Inc.**

Canadian Chemical — Memorandum—Jackson, McFadyen Securities Limited, 455 Craig St., West, Montreal, Que., Canada.

Carpenter Steel—Memorandum—Francis I. du Pont & Co., 1 Wall St., New York 5, N. Y.

Central Foundry—Report— J. R. Williston & Beane, 2 Broadway, New York 4, N. Y.

Chrysler Corp.—Analysis— W. E. Hutton & Co., 14 Wall St., New York 5, N. Y. Also available are reports on **Utah Construction & Mining Co., Certain-Teed Products Corp., Hamilton Manufacturing Co., SKF** (Swedish Ball Bearing Co.), **Thatcher Glass Manufacturing Co., Time Inc.,** and **United Artists.**

City of Winchester, Ky. Utilities Revenue Bonds — Circular — The Kentucky Co., 320 South Fifth St., Louisville 2, Ky.

Crucible Steel—Data—Stearns & Co., 72 Wall St., New York 5, N. Y. Also available are data on **Grolier Inc.**

Culligan, Inc. — Analysis — Cruttenden, Podesta & Co., 209 South La Salle St., Chicago 4, Ill.

Diebold Power Shelf Filing—Illustrated catalog on filing system which brings each to ideal working height automatically—Diebold, Inc., Dept. OE-36, Canton 2, Ohio.

Dominion Stores Ltd.—Memorandum—Watt & Watt, 6-8 Jordan St., Toronto 1, Ont., Canada.

Dura Corp.—Bulletin—A. C. Allyn & Co., 122 South La Salle St., Chicago 3, Ill. Also available is an analysis of **Wallace Press Inc.** and a memorandum on **General Shale Products.**

Electromagnetic Industries, Inc.—Report—H. B. Crandall Co. 82 Beaver St., New York 5, N. Y.

Electronic Missile Facilities — Memorandum — Filor, Bullard & Smyth, 26 Broadway, New York 4, N. Y.

El Paso Natural Gas Co.—Report —Schweickart & Co., 29 Broadway, New York 6, N. Y.

First Charter Financial Corp.—Analysis—Dreyfus & Co., 2 Broadway, New York 4, N. Y.

Fischer & Porter — Memorandum — Hallowell, Sulzberger, Jenks, Kirkland & Co., Philadelphia National Bank Building, Philadelphia 7, Pa.

Foremost Diaries—Report—Hardy & Co., 30 Broad St., New York 4, N. Y.

Great American Life Underwriters, Inc.—Analysis—Wm. H. Tegtmeyer & Co., 105 South La Salle St., Chicago 3, Ill. Also available is a report on **Montgomery Ward & Co.**

Continued on page 123

Forward Looking Companies

By Dr. Ira U. Cobleigh, *Enterprise Economist*

An investor slanted review of Philadelphia & Reading Corp., and Pittsburgh Plate Glass Co.

The bracketing of the two companies selected for review today was purely geographical. There is no connection with, or comparison between, these companies; and they appeal to entirely different groups of investors. They are both, however, named after cities in Pennsylvania and the fact that these cities are at opposite ends of the state is perhaps suitably indicative of the diverse natures of the industries they represent.

Philadelphia & Reading Corp.

This company is a coal company that wanted to get out of the mines; and it has succeeded handsomely. While earnings from coal have burned out from $2.69 a share in 1956 to a deficit in 1960, other ventures acquired and assimilated since 1955 have built up a brand new reservoir of earning power and a far more attractive return on capital than making money the hod way!

The sophisticated management at Philadelphia & Reading bases its operations on one simple credo—that a business isn't worth running unless it makes money. And their idea of making money is a return of upwards of 15% annually after taxes, on net worth. The management is more interested in the profitability of an enterprise up for acquisition, than what industry it happens to be in. It doesn't need to be in electronics or space ships to interest them.

For example, PRG bought Union Underwear Co. in 1955 (a unique method of getting in on the ground floor, as it were!). In four years Union Underwear, under PRG guidance, increased its net earnings by 150%.

PRG bought Shuron Optical Co. but didn't seem to think the growth rate potential was attractive enough; so Shuron was sold.

Other acquisitions included Acme Boot, bought five years ago, which should quadruple in 1961, the net earnings figure reported for 1956. In 1959, Imperial Shirt Co. and Blue Ridge Manufacturers (maker of overalls and other industrial raiment) were added. In a totally different line of endeavor, De Luxe-Reading, which serves the burgeoning kiddie market by manufacture of toys and dolls, was added as a division of the corporate family, bringing certain benefits of low-cost manufacture since one of its plants is located in the tax-friendly climate and attractive labor market of Puerto Rico.

The latest expansion was in purchase of 80% of the equity of Chatham-Reading Chemical Co. This company is a producer of sulphuric acid and, this year, is going to have a new $30 million petrochemical plant going to work turning out for the motor industry gas additives and a non-evaporating anti-freeze, ethylene glycol. When in full production this chemical adjunct may deliver $1.25 a share in annual earnings to the parent stock.

PRG has, with all its acquisitions, kept a sturdy balance sheet position with net working capital at the 1959 year-end of $46 million. Capitalization is quite simple with about $3 million in long-term debt preceding 2,896,000 shares of common listed on the N. Y. S. E. Present dividend is $1 and there was a 2% extra in stock in 1960. PRG common has ranged from a high of 63¼ (adjusted for stock dividends) in 1959 to a low of 26 in 1960. Accordingly, today's buyers are asked to pay no gaudy premium for this diverse and dynamic market performer. The net per share for 1960 should work out to around $2.70, and should increase by at least 50c in 1961; and still more in 1962 when the chemical company will be in full production. In the background there's a "cloud nine" project to convert coal at the minehead into useful chemicals, or electric power all ready for transmission. PRG has the coal—all that's required is a lot of money for plant investment and a proven low-cost conversion technology.

In any event PRG at 34½ today appears to be a profit-prone equity of unusual vitality.

Pittsburgh Plate Glass Co.

Now we switch to a solid, dependable equity with an unbroken dividend record running back for 61 years in a row — Pittsburgh Plate Glass. This is a company of great stature and prestige with net sales above the $500 million level in every year since 1954. For 1960, sales should exceed $600 million and net earnings should increase by at least 40c a share over 1959. All of which makes PPG common stock at 73 (17 points below its 1959 high) worthy of current inspection.

Pittsburgh Plate Glass has four main facets of activity and profitability: (1) glass for the construction industry; (2) glass for the motor car industry; (3) chemicals and (4) paints and coatings. The chemicals are supplied by the wholly-owned Columbia-Southern Chemical Corp., largest producer of merchant chlorine.

A constructive viewpoint about PPG is based on the excellent results of 1960 operations (probably around $4.80 per share) and the attractive corporate prospects for 1961. Construction activity in 1961 is expected to increase by from 3% to 5% and motor car sales are expected to be at least as good as in 1961. Further, after a bitter strike in 1958, labor relations have been steadily improving and the present union contract (Ceramic and Glass Workers) runs to February 1962. This contract is one which was extended last June in an atmosphere of genuine co-operation between labor and management. Long-standing disputes about incentives, seniority and speed-ups seem now to have been adjusted.

Part of the rising trend in PPG earnings is the result of a healthy plant improvement and expansion program involving an expenditure of over $250 million in the five years ended Dec. 31, 1959. This outlay brought into being a new plant at Cumberland, Md. (plate glass); a sheet glass plant at Decatur, Ill.; a new fiber glass plant at Shelby, N. C., and higher degrees of automation in these and in some of the company's older properties.

PPG is among the world leaders in glass production, ranks third in manufacturing of industrial coatings and paint, and will, when plant expansion is completed this year, be the second largest producer of fiber glass in the world.

Investors who in the past have looked upon PPG as a relatively static equity should now take note of the broadened base for earnings created by the major plant investment of recent years, and the high quality research program which is constantly improving plant efficiency and bringing forth valuable new products. For instance, a new rubberized house-paint, suitable for all surfaces, has recently been perfected. It is made of new latex resins which are clear as Lucite and create not so much a paint as a plastic film, tough, resistant, attractive in appearance and virtually blister-proof. These new resins also have broad applications for metals in industrial, appliance and can coatings.

Since 1954, PPG common has ranged in price between a low of 58 and a high of 94. Thus, today's quotation of 73 in view of current earnings around $4.80, a $2.20 cash dividend (plus 2% in stock last year) seems an interesting price at which to acquire an equity of long-proven quality and dependability.

Thus, today's fare presents a choice of two unusual stocks, both with a forward look. If you like merger-minded companies, Philadelphia & Reading has an appeal; if you prefer a long record of steady earning power in basic industrial and chemical fields then Pittsburgh Plate Glass has transparent merit.

Merrill Lynch Adds

(Special to The Financial Chronicle)

ATLANTA, Ga.—Penny H. Barnett has been added to the staff of Merrill Lynch, Pierce, Fenner & Smith Incorporated, 23 Pryor Street, N. E.

Morrison Sr. V.-P. of First Boston Corp.

James C. Morrison, Vice-President and Director of The First Boston Corporation, 15 Broad Street, New York City, has been elected a Senior Vice-President of the corporation, it was announced by George D. Woods, Chairman of the Board. Mr. Morrison is in charge of the company's national sales and distribution organization.

James C. Morrison

Mr. Morrison, who joined the organization in 1931, was elected a Vice-President in 1945 and a Director in 1955. He graduated from Lehigh University in 1928. He is a trustee of The Pingry School, Elizabeth, New Jersey.

Joins Wilson, Johnson

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — Raymond H. Stephens has become affiliated with Wilson, Johnson & Higgins, 465 California Street, members of the Pacific Coast Stock Exchange.

Joins F. I. du Pont

(Special to The Financial Chronicle)

BOSTON, Mass.—Gerald E. Jackson has joined the staff of Francis I. du Pont & Co., 94 Federal Street.

Home Building Industry—The Near and Future Outlook

By Hugo Steiner, President, Hugo Steiner, Inc., New York City

Mortgage banker questions pessimism expressed about the housing outlook. His study indicates the hard core will be 1.2 million units for the next 2-3 years, and that this will be succeeded by gradually increasing demand which should accelerate to higher levels of housing starts.

I

Disappointment has been voiced by many observers of the building industry that new housing starts have not surged forward more strongly in an automatic response to the Federal Reserve Board's easing of money conditions. Economic writers have contended dialectically that the housing segment of the economy has lost its anti-cyclical characteristic, which was such an outstanding feature during the past decade—particularly at times when the lowering of the discount rate was employed as a lever to halt and then reverse a declining economy.

Hugo Steiner

Let us first analyze the stimulating influences, which caused the expansion of building activity in the recent decade:

(1) The doubling up of families in the depression years of the 30's and the repressive measures of the austerity program of World War II creating a cumulative deficit in home building. High wages and full employment during the war years resulting in a large reservoir of purchasing media for post-war use.

(2) An expanded bulge in marriage statistics as returning veterans found employment at rising wage levels.

(3) Introduction of the VA program with its heavy favorable impact on housing.

(4) Liberalization of the FHA provisions permitting civilians to purchase homes with smaller down payments.

(5) Upgrading of dwellings from two-bedroom units in the immediate post-war years to three and four bedroom houses in the 50's as families grew.

(6) Favorable Federal monetary moves from time to time as the economy showed signs of flagging.

Some of these reasons no longer exist and others have lost their effectiveness.

This combination of factors resulted in the longest and most sustained housing boom in the nation's history. On two occasions (the years 1950 and 1955), the bull market in residential construction reached a high water mark of approximately 1,350,000 starts per annum. By 1955, family formations were no longer keeping pace with housing sales and, as this important support turned down, building starts gradually fell during the balance of the decade. However, the 1960 census will reveal the astounding fact that a quarter of all American homes have been built since 1950. Hence, the cumulative deficit created during the years of 1930 to 1945 and the urgent demands of the post-war era appeared to be satisfied. A period of consolidation at a fairly high plateau seems to be in order.

II

Factors Affecting Housing Outlook

Keeping up the demand for housing are certain underlying, short, and long term factors: In 1940 the population of the United States was 131,669,000; the census figure of 1950 stood at 150,697,000; the electric totalizer at the Commerce Department in Washington, D. C., registered a figure of 182,200,000 at the end of 1960. The gain for the decade 1940-50 was 19 million; that of 1950-60 a record 31.6 million—a new all-time mark. This increase since 1940—50.6 million—is larger by one-half million than the population of the United States in 1880!

The incoming Administration has pledged a program of increased aid to housing. If the current business recession continues and unemployment mounts, this assistance could well be accelerated especially in the field of urban renewal. This would be a direct method of taking up some of the unemployment slack.

Recent consumer surveys indicate an upward reversal in intentions to purchase new homes. This is in contrast to the apathy which existed a year ago and represents the first sizable year to year gain in some time.

Short-term favorable factors are: present greater availability of mortgage funds, tendency toward lower interest rates on conventional mortgages and lower down payments, particularly on homes purchased with FHA Insured Mortgages. Under this category, homes costing up to $13,500 can be purchased with a 3% down payment, a $15,000 house with a $600 down payment and a $25,000 home with a $3,000 down payment. Current thinking is that this scale of payments may soon be modified so that homes up to $15,000 can be bought with no down payment (except closing costs) and a further modification of the down payment figure on a sliding scale.

Short Term Factors

Strongly buttressing these short-term factors are three fundamental elements of long-term significance:

(1) The major factor of strong population growth. It now appears that births may continue at a better than four million per annum level.

(2) Continuation of high level incomes particularly in the $5,000 to $12,500 bracket.

(3) The beginning of a long uptrend in family formations. This process is slowly gathering headway. In the next two or three years, this tendency should become more pronounced reflecting the burgeoning birth rate since 1940.

Approximately 82% of our women marry before they reach the age of 25. The average age of the present day bride is 20.4 years and that of her groom is 2½ years older when he responds with a shaky, "I do." It will be readily recognized that the 19 to 25 year class is dominant in the family formation process. The number of young people entering this age bracket will rise approximately 50% before the present decade runs its course. An additional increase of sizable proportions thereafter is indicated on the basis of the higher birth rate from the 1950-60 period.

Another statistic has played a prominent role in household formations of the 1950's and will continue to be a stabilizing factor in the '60s; namely, the establishment of separate residences by the growing element in the middle and upper-age brackets. Because of the assistance of certain built-in stabilizers in the economy, such as pensions, social security, hospitalization, etc., this group finds it possible to maintain its independence and no longer is forced to double up with the younger generation. In the past decade, such household units have been formed at the rate of about 350,000 annually or, roughly, 40% of the rise in all households. Certain of our southern States have enjoyed the bounty of the demand from this age bracket. This is expected to hold through the early 1960's.

The rise in total households since 1950 has approximated annually 900,000 units. In addition to this, there has been a replacement market of 275-300,000 units due to a variety of reasons, such as fire, storm, flood, abandonment, demolition and obsolescence.

III

Conclusion

Despite the less effective results of recent favorable factors that would ordinarily stimulate residential building, a hard core of about 1.2 million units appears a reasonable certainty for the next two to three years. This is based on net new housing starts plus the replacement market. While the 19 to 25 year old segment of our population dominates the family formation process, time is required before these people can become candidates for new homes. Experience shows that the real home buying group is in the 26 to 50 year age bracket. This basic indicator of new building activity is slowly turning up and, in the next several years, will sharply reflect the strongly rising birth rate of the 1940s and 1950s. There will follow a gradual increase in the demand for residential building as young enlarging families shift from apartments to private homes. This trend should later accelerate and cause a higher level of new housing starts.

Disposable personal income, a major factor in translating need into actual demand for any product, continues as a favorable barometer. This figure has grown from about $275 billion in 1955 to an estimated $359 billion for 1961. Liquid assets — savings—again are on the upswing. Americans are currently staching away about $7.30 of every $100 earned.

A large potential for saving on labor costs in building a home appears to exist in "shell housing" for those interested in a do-it-yourself project. Under this system the only large expense for labor after the shell has been erected is for installation of pluming and electrical systems. The home buyer can then do the rest.

I believe that a consolidation period at current levels appears to be in prospect for the home building industry. We must not expect too much too soon. For the longer term, predicated on available statistics, the groundwork exists for the home building industry to again make a powerful contribution to the expanding economy of the country.

Reinders V.-P. Of Broad St. Sales

Erik C. Reinders has been elected a Vice-President of Broad Street Sales Corporation, 65 Broadway, New York City, it was announced by Robert H. Brown, Jr., President. Mr. Reinders, who will begin his new duties immediately, had been District Manager of Broad Street Sales for Connecticut and part of New York State. Before that he had been Sales Development Manager and District Manager for Florida and Georgia.

Erik C. Reinders

As Vice-President Mr. Reinders will be in charge of dealer relations and sales promotion and have the responsibility of making Broad Street Sales services available to investment dealers throughout the country.

Prior to joining the organization in 1954, Mr. Reinders was associated with Kidder, Peabody & Co., New York investment firm, as a registered representative specializing in mutual funds. He was also assistant to the manager of Kidder, Peabody's Central Mutual Funds Department.

With Birr & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Charles O. Stewart is now with Birr & Co., Inc., members of the Pacific Coast Stock Exchange.

Three With Lundborg

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Frank J. Clough, David B. Holland and Glenn O. Rui have joined the staff of Irving Lundborg & Co., 310 Sansome Street, members of the New York and Pacific Coast Stock Exchanges.

Joins McDonnell Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—James J. Curtis has joined the staff of McDonnell & Co., Incorporated, Russ Building.

With Reynolds & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN MATEO, Calif.—Robert W. Boyd is now affiliated with Reynolds & Co., 11 East Fifth Avenue.

Our Reporter on Governments

BY JOHN T. CHIPPENDALE, JR.

The capital market continues to remain firm as far as prices are concerned and part of this can be attributed to a lighter bidding schedule, mainly in the corporate area, and partly to the larger supply of funds which are seeking an outlet in fixed income bearing obligations. This betterment in the action of corporate and tax-exempt bonds has not so far had very much of an influence on longer-term Governments since these issues have been on the uncertain side. However, it seems as though there should be a revival of the expanding institutional interest which has been developing in these obligations.

Short-term Government issues are the favorites in the money market and they will most likely continue to be, even though an advancing yield would not be unexpected in these securities. The Government, in the opinion of most money market experts, will continue to use near-term issues to meet new money needs and for refunding purposes.

Long Bonds Continue in Demand

The demand for long-term bonds by institutional investors continues to expand because it is evident that the flow of funds into interest bearing obligations is still on the ample side. The yield that is obtainable in bonds is much better than the return which is available in common stocks and, from the standpoint of the institutional investor, this is the current attraction, which is responsible for the purchases that are being made in the senior securities.

The need to hedge against the forces of inflation is not in the active stages for the foreseeable future and this is bringing more buyers into the bond market, with the corporate and tax-exempt obligations getting more of the funds which are being put to work in income bearing issues than the Government securities. Nonetheless, there is a fairly steady demand for the intermediate and long-term Treasuries in spite of the more favorable yield which can be obtained in non-Federal bonds.

Equity Money in Short-Terms

On the other hand, there is no let-up in the demand for the most liquid Government obligations since there is a very sizable amount of money being put to work in these securities because of the uncertainties that are overhanging the economic picture. It is evident that there will be shifts in investment programs as the policies of the incoming Congress and the new Administration begin to unfold. In the interim, funds that would most generally be invested in equities are being put temporarily into Treasury bills. And the recent enlargement in the weekly offerings of the most liquid Government securities will help to take care of this demand while at the same time the Treasury will be picking up needed new money. The use of weekly Treasury bills to raise new funds for the Government will also tend to take money out of the near-term market and thus prevent these rates from going down so sharply that it would depress them to levels which would again mean a sharp outflow of funds to other world money centers where the yield is better.

No Long Treasury Issues

It apears as though the Government, in its raising of new money and refundings, will, for the time being, make use mainly of the short-term sector and in this way will continue the policy which has been in operation. Until conditions are favorable for such an operation, there are not likely to be any more than token amounts obtained in the capital area of the Treasury market. The size of the deficit will dictate the amount of new money that will have to be obtained but, at the present time, this appears to be a rather nebulous figure. However, there seems to be pretty general agreement that there will be a deficit in the current fiscal period ending June 30.

Buying of Intermediates

Some commercial banks, according to advices, have been making purchases in modest amounts of selected intermediate-term issues in addition to the commitments which are being made in long Treasury bills. These institutions are mainly in the out-of-town areas, although there have been some cases in which these same kind of commitments are being made by the large money center banks. The loan trend of the large commercial banks is being watched very closely since the way it goes will have a very important bearing on the money market.

Straus, Blosser Branch

CHICAGO, Ill. — Straus, Blosser & McDowell, member firm of the New York Stock Exchange and other principal exchanges, has announced the opening of their new Hyde Park office, 1530 East 55th Street, under the direction of Eugene Heriot Dibble, III. Mr. Dibble will be assisted in his new duties by Samuel J. Alex, registered representative.

Mr. Dibble has been affiliated with Straus, Blosser & McDowell since 1954.

Mr. Alex has been a registered representative in the main office in Chicago.

With Reinholdt, Gardner

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—John W. Liddell has joined the staff of Reinholdt & Gardner, 400 Locust Street, members of the New York and Midwest Stock Exchanges.

Joins Black Staff

PORTLAND, Oreg. — John H. Nolan has been added to the staff of Black & Co., Inc., American Bank Building.

The Security I Like Best

Continued from page 2

in earnings takes place. In addition, the company has purchased about 45,000 shares of its own stock in the open market to be held as Treasury stock for acquisitions as well as employee bonuses.

While fiscal 1961 earnings will be adversely affected by tooling expenses at the Kentucky plant, it seems likely that a good level of economic activity in fiscal 1962 will see Dura's earnings again on the rise, with the record earnings of 1959 certainly an attainable goal.

Was Dollar Faith Lacking Under Gold Redeemability?

By Felix Edgar Wormser, *Consulting Mining Engineer, New York City; Former Assistant Secretary of the Interior; Director, U. S Chamber of Commerce; Former Vice-President, St. Joseph Lead Company; Consultant to Economists' National Committee on Monetary Policy*

Mining industrialist finds in the President's recent extension of the ban against owning gold to holdings abroad by U. S. citizens confirmatory evidence that our irredeemable currency has not worked out to the money managers' satisfaction. Mr. Wormser avers this illustrates the preposterous contention that an irredeemable dollar is better than one which is redeemable into gold. One of the possible consequences of this mentioned is that it might lead to "bootleg gold" beyond our borders. The writer exposes inconsistencies said to be found in arguments against a redeemable gold standard and criticizes, also, proposals to do away with statutory gold reserves as the way to instill confidence in our dollar.

The American people are entitled to the finest currency that mankind can devise. They do not have it today. They have a currency which they cannot redeem in gold—an irredeemable paper currency. Since when, in recorded history, has an irredeemable paper money proven superior to a redeemable currency? Obviously, if we had a choice, say, of a ten dollar Federal Reserve note redeemable in gold and one redeemable only in more paper, we would select the former. Indeed, one does not have to be a monetary expert to distinguish money with integrity from money without that essential quality. The French peasant is notorious for hoarding gold as a protection against a deteriorating franc. Likewise, Asiatic hordes love their silver.

Felix Edgar Wormser

The dictionary tells us that integrity means uprightness of character, soundness. We are informed by our government officials, by bankers, insurance companies, and in advertisements that we must have a sound dollar which ordinarily is not defined—at least in any defensible manner. I presume they mean a dollar which will buy as much tomorrow as it will today. They never, so far as I have been able to discover, refer to the desirability of restoring the redeemability of our currency in gold—the ultimate test of monetary soundness. They rely on monetary management despite the sorry record of the money managers with a "sound" dollar over the past 25 years which has seen their "sound" dollar lose 58% of its purchasing power since 1939. Incidentally I do not think the integrity of the dollar is strengthened when Federal Reserve notes carry inscriptions on their faces stating that they are redeemable in lawful money when we know they are only redeemable in more paper, or in silver dollars monetized at $1.29 per ounce with the market price for silver at 91 cents.

It might be amusing if it were not so tragic to see the manner in which nations, many bankers, and others imbued with the idea of a governmentally managed currency, have tried to wriggle out of the influence of gold. Even though they have applauded the outlawing of the precious metal by their government, and have tried thereby, to get away from its influence, gold is still there to plague them one way or another. Rather than employ gold, they apparently rely on the good sense of their fellow Americans to demand less of their government in the way of spending — a balanced budget — a slim reed to lean against, for alas the pressure on government is insatiable.

Legislators attain office rather readily nowadays on extravagant promises to the electorate. They find it ever so much easier to retain office by encouraging the government to go in debt to pay for their elaborate programs rather than to vote for higher taxes. The pressure on our government for more spending is enormous, as anyone who accepts high office in Washington soon finds out. Hence, those who count on a reversal of the trend of the last 25 years, and a sharp restraint on public expenditures, are apt to be disappointed. It is just here that the power of the purse, if it were restored to the people by making our currency redeemable in gold, would be salutary in its effect on government spending.

Foreigners are acutely conscious of our dollar predicament. There is evidence of a growing lack of confidence in the dollar abroad. Domestically, however, the mass of our fellow citizens seem little concerned about this development. Why should they? After all, haven't we had the greatest prosperity the nation has ever seen? The dollar still pays taxes, rent, and for groceries. True, the dollar does not go as far as it did a few years ago, but that has been offset largely by the upward climb in wages that has taken place year after year. So why worry? Our government leaders tell us we have the soundest kind of dollar and they intend to keep it so. Is this true with the U. S. dollar at a discount in various markets?

What Is Fundamentally Wrong?

But something is fundamentally wrong and has been wrong for years. Conscientious trustees of funds for churches, schools, and estates are evidently not too sure that the dollar will maintain its purchasing power. They have invested heavily in common stocks and tangible property rather than in long-term government bonds. This does not denote confidence in the dollar. It is more apt to be disillusionment in respect to the promises of their government. Could it be that some future government may repudiate its word? Many of us remember vividly the shock our government gave us 28 years ago when it dishonored its obligation to redeem its nongold currency in gold. In 1933 the U. S. Government compelled all its citizens to surrender their gold and gold certificates to the Treasury.[1] On Jan. 31, 1934, the President changed the value of the dollar in gold by making an ounce of gold worth $35 rather than $20.67, much to the happiness of the gold miners but not to be serenity of those who had been promised by their government to be paid off in gold of the same weight and fineness as when the nongold currency and gold bonds were issued. Instead of gold, they received paper dollars with a sharply diminshed purchasing power abroad in terms of gold. This was known as devaluation, a term which cloaked coin-clipping with a respectability it did not merit, for it is just as dishonorable as coin-clipping.

By devaluing the dollar the government made a profit of approximately $2,800,000,000 — a profit withheld from the gold-holding citizen. It seems incredible, but nevertheless true, that our government in the intervening years has not restored the precious property right of the people to own gold coins or bullion. Canadians, Englishmen, Frenchmen, Germans, and many other nationalities can own gold, but we Americans are denied that privilege by our government with some exceptions. Why? We shall refer to that in a moment.

The fact is that the American citizen was subjected in 1933-1934 to a devaluation of his standard dollar—the first of any importance since 1792. History records at the time of suspension of redemption the brave words of Senator Carter Glass saying to his President: "This great government, strong in gold is breaking its promises to pay gold to widows and orphans to whom it has sold government bonds with a pledge to pay gold of the present standard of value. . . . It is dishonor, sir." History also records the words of the distinguished blind Senator Gore of Oklahoma who, when asked by President Roosevelt what he thought of the Joint Congressional Resolution of June 5, 1933, abrogating the gold payment clause in existing governmental and private obligations, said: "Why that's plain stealing, isn't it, Mr. President?"

Should anyone forget these episodes in our history? I am convinced that the foreigner has not, and that the suspension and devaluation of 1933-1934 provide one reason why he fears another devaluation in the United States and does not propose to be caught off guard again as in 1933.

Inconsistent Arguments

I wish that economists, bank letter writers, newspaper commentators, authors, and others would use the term coin-clipping whenever they refer to currency devaluation. The public would grasp the significance of the move so much more easily. Monetary matters are confusing enough to the masses, but the masses will ultimately have to approve of Congressional acts designed to give them **genuinely** sound money, that is to say, paper money redeemable at will in gold.

A few years ago when the suggestion was made that the time was ripe to restore the redeemability of our paper currency in gold, the argument was advanced that to do so would be most embarrassing to our European friends and allies. They were just getting on their financial feet again and experiencing balance of payment difficulties. They were expected to get their houses in order first. Then we could return to gold. Oddly enough, now the shoe is on the other foot. It is we who are experiencing balance of payment trouble. Still no return to redemption. A new reason for not restoring redeemability appears. We are informed that the U. S. dollar is the world's major reserve currency and the foreign nations have come to rely upon it as equivalent to gold. It follows, so we are told, that our own gold hoard must continue to be centralized and not be subjected to any possible domestic withdrawal by Americans. (But this arrangement has not stopped the withdrawal by foreign central banks and governments.) Moreover, we are told that internal convertibility of our currency in gold would not assure confidence in our monetary system. This can only be achieved, so they say, by the continued application of sound and tested fiscal, monetary, and debt management policies." The word "sound" has lost its real meaning. Presumably this means mainly a balanced budget, less Federal spending. The outcome of the last election would seem to suggest that these needed reforms cannot be counted upon.

The sad truth is that both political parties have accepted the doctrine of a managed monetary system divorced from any possible control by the people through the discipline of currency redeemability in gold. One can only regretfully conclude that, considering the likelihood of little, if any, curtailment of Federal spending, and, in fact, the probability that there may be more with no offsetting tax increase, we may be in for more public debt monetization, which may mean more inflation.

Problem Facing Money Managers

Our balance of payments problem tied in, as it is, with the loss of gold from the Treasury and the consequent lowering of the gold reserve behind our currency, has brought the gold question to public attention in a striking manner. Many people can be expected to study the subject intensively, for much is at stake. This is all to the good. They should learn that not only has our gold reserve declined from $24,691,000,000 in 1949 to $17,670,000,000, Jan. 4, 1961, but, in addition, the amount of gold earmarked for foreign holders and in the custody of the Federal Reserve, now amounts to over $11,600,000,000. A dozen years ago it was less than half that sum. Is this not an indication of apprehension abroad over our future monetary policies? Obviously, if there is to be any coin-clipping by our government, the foreigners are going to reap as much of the paper profit as they can on the gold claims they possess here. By earmarking a lot of it, they count on profiting handsomely; but at the same time they adversely affect our gold reserve. Our money managers can do much to control monetary practices in the United States, but their power extends only to our citizens. This is one of the frustrations confronting our money managers.

Although we have been given assurance by both political parties that the dollar will not be "clipped" again, perhaps the best reassurance is to be found in the fact that an act of Congress would be required for another clipping. Presumably much debate could be expected. It is doubtful that power is likely to be delegated to the President as in 1933-1934. It is to be hoped that the futility of devaluation, or coin-clipping, will become clear to the American

1 Holding of gold by Americans must end by June 1, 1961, according to a decree signed by Pres. Eisenhower on Jan. 14, 1961. Now U. S. citizens cannot own gold outside the country any more than they could own it inside the country. Dr. Paul Einzig, this *Chronicle's* London correspondent, had suggested the move several months ago.—ED. NOTE.

people. In any event, the citizen may not be caught off guard as easily as in the 1930's and should, consequently, have a better opportunity to protect himself and his family than was the case then.

Indeed, the now illegal speculative profit possibilities through devaluation are almost irresistible as was the case prior to Jan. 14, 1961 — when the President expanded the gold purchase and ownership ban to gold owned **abroad** by United States citizens and corporations. Nevertheless, some Americans may — as in the past—continue to purchase gold in Canada, Switzerland, and elsewhere ingeniously and illegally from banks and brokers with only a 5% margin, as gold is the highest type of security. Banks charge only the prime rate of interest on the balance. The speculative profit on even a modest venture can be relatively large and the prospect of loss relatively small. No doubt this is the reason why one distinguished New York banker had suggested that Congress pass a law denying citizens the right to buy or hold gold abroad as well as in the United States. The President promulgation of the ban on holding gold abroad is confirmation, if any were needed, that domestic control of gold and the irredeemability of our paper currency have not worked well in attempting to achieve the objective of the money managers, and that therefore, more government control is required. This is also an excellent illustration of the old story that when one government interference with a free market does not operate as its advocates intended, another is added to t i g h t e n it up, and so on *ad infinitum*. The prohibition of gold ownership abroad, like another kind of prohibition we Americans have experienced, may create "bootleg" gold. At any rate, the proposal would seem to be unwise, impractical, and possibly unenforceable.

The astute foreigner is probably observing carefully the philosophy of the new Administration in respect to low interest rates. How can he have his confidence in the dollar upheld when he notes statements in high political quarters that interest rates are too high, they must come down? Just how high is too high? Apparently money lenders are expected to sacrifice a return on their loans through government force so that borrowers can procure cheaper funds. Why should the government favor a borrower over a lender?

This author feels sorry for the millions of humble workers with modest savings accounts who may now anticipate smaller interest payments. Inflation has been robbing them by its subtle methods. Savers deserve better treatment than they are receiving. Since savings banks in New York are extensively advertising offers to give away table lamps, thermos bottles, fruit cake, suitcases, fountain pens, and other items to those who will open savings accounts as low in some instances as $50, and agree to hold them a year, possibly the saver is being provided with one means whereby he can partly defeat the inroad of inflation on his savings account.

He has been told by some distinguished professors that the nation must have a small amount of inflation each year to be prosperous, say, 2 or 3% per annum. This degree of inflation almost offsets the interest the saver may expect to receive on his savings account. Therefore, at the end of the year he may be just about even with the game insofar as interest is concerned. But, if at the end of the year he transfers his $50 savings account in Bank A with its thermos bottle to Bank B offering, say, a fountain pen, he may accumulate enough tangible property to compensate him in part for the inflationary impairment of his capital! Variations on the theme may occur to those readers who are resourceful in protecting their property against a depreciating currency.

The gold question simply will not disappear. Planners, fascinated with the imagined power of centralized government to create a society which will be able to tell the citizen how he shall live and be happy (?), how he shall spend his earnings, and how the government will shelter him from many of life's hazards, resent the discipline of gold. We might observe, too, gold and redeemable currency do not figure in the schemes of the socialists of communists.

Much more than the gold question is at stake. Human liberty under which the United States has grown preeminent in the world is the paramount issue. Restoration of the property right to own gold and restoration of the redeemability of our paper money in gold involve moral principles that are basic in the great struggle between forces that seek to enslave us and those that represent freedom. If our conduct is not exemplary especially in monetary affairs, how can we reasonably expect the rest of the free world to follow us?

I conclude where I began. I do not believe that we Americans have the finest currency that the wisdom and experience of mankind have evolved over centuries of monetary history. It seems preposterous to contend, as some persons apparently do, that a paper dollar irredeemable in gold is better than one that is redeemable; or that a currency requiring the denial of a property right possesses integrity; or that a currency selling at times at a discount internationally is sound; or that a dollar which has lost purchasing power steadily since it became irredeemable is sound; or that proposals to do away with any statutory gold reserve instill confidence in the integrity of our currency; or last, but not least, that "coin-clipping" is the way out of our trouble. On the contrary, we might reflect that during the long period of years in which the dollar was readily convertible into gold, the shocking and really embarrassing comment nowadays about lack of confidence in the dollar never arose.

Harding Tulloch Adds

BOSTON, Mass.—I. Nicholas Lawton has been added to the staff of Harding Tulloch & Co., 50 State Street.

Eli Ballan V.-P. Of V. K. Osborne

Eli Ballan, for the past year associated with V. K. Osborne & Sons, Inc., member of the Pacific Coast Stock Exchange, has been elected Vice-President in charge of New York operations. Mr. Ballin makes his headquarters at the New York office, 111 Broadway.

With Dempsey-Tegeler

(Special to The Financial Chronicle)

SAN DIEGO, Calif. — Heber Player has become associated with Dempsey-Tegeler & Co., 239 A Street. He was formerly with Woolrych, Currier & Carlsen, Inc. and J. A. Overton & Co.

Eisenhower's Final Budget Assumes Business Upturn

Budget for fiscal year 1962 calls for $2 billion hike in Federal spending and is premised on a quick business turnabout, continuation of postponed scheduled tax cuts in corporate profits and other items, tax increases on gasoline and jet fuel, postal rates, and a rise in revenue by $3.3 billion. The latter is expected to provide a $1,468,000 surplus for the $80.9 billion budget. Certain reforms in the structure and organization of government are suggested; welfare spending planned would reach $4 billion for the first time; temporary increase in debt limit is foreseen; housing would receive slightly less funds; repeal of 4¼% interest rate ceiling is called for; Congress is advised to shun "Government by credit cards" and, in effect challenged tomorrow's President to hold the line on the "spending issue."

The following excerpts are from President Eisenhower's Budget Message presented to Congress on January 16:

To the Congress of the United States:

For the fiscal year 1962 I send you budget and legislative proposals which will meet the essential domestic needs of the Nation, provide for the national defense, and at the same time preserve the integrity and strength of our Federal Government's finances.

Pres. Eisenhower

With this budget, I leave to the new Administration and the Congress a progressive and workable financial plan which recognizes national priorities and which reflects my confidence in the strength of our economy now and in the years to come.

A budget surplus was achieved in the fiscal year which ended on June 30, 1960. A narrowly balanced budget is anticipated for fiscal year 1961. The recommendations in this budget provide for still another balanced budget, with a surplus, in fiscal year 1962. The achievement of balanced budgets this year and in the coming fiscal year will help foster noninflationary prosperity at home and strengthen confidence in the dollar abroad.

Despite the persistence of hardship in some local areas, economic activity continues at a high level. It is imperative for the extension of economic growth at a high and sustainable rate that the budget be kept balanced and that we act responsibly in financial matters.

For 1962 the budget estimates reflect expected gains in the national economy and provide for carrying programs forward in an efficient and orderly manner. The estimates also reflect, as in previous years, the budgetary effects of proposed changes in legislation, including the cost of certain new programs. Most of the legislative proposals have been previously recommended. I again urge their enactment.

In total and in its parts, this budget enbodies a sensible and forward-looking plan of action for the Government. In brief, it provides for:

(1) Increasing our own military capabilities and promoting increased strength in other free world forces;

(2) Advancing activities important to economic growth and domestic welfare;

(3) Continuing assistance to the less-developed nations of the world whose peoples are striving to improve their standards of living;

(4) Increasing support for scientific activities in outer space;

(5) Achieving savings by making desirable modifications in existing programs and by charging users the costs of special benefits received by them; and

(6) Continuing present tax rates to maintain the revenues needed for a sound fiscal plan.

The policies and proposals in this budget will enable us to meet fully our national and international responsibilities and to promote real and sustainable national progress.

General Budget Policy

This budget, like each of the seven which I have previously sent to the Congress, reflects the conviction that military strength and domestic advancement must be based on a sound economy, and that fiscal integrity is essential to the responsible conduct of governmental affairs. A surplus in good times, as provided in this budget helps make up the deficits which inevitably occur during periods of recession. To ignore these principles is to undermine our strength as a Nation through deficits, unmanageable debt, and the resulting inflation and cheapening of our currency.

An eight-year effort has been made by this Administration to stabilize the purchasing power of the dollar. This effort, which was a necesssary undertaking in view of the heavy depreciation of the dollar's purchasing power following World War II, has had a large measure of success, but the problem of maintaining reasonable price stability will require close and continuing attention in the future.

Our national economy is strong and our national welfare continues to advance. Despite a leveling out in economic activity during the latter part of the calendar year just ended, the total market value of all goods and services produced in our country in the calendar year 1960 increased by approximately $20 billion over the preceding year and crossed the half-trillion-dollar mark for the first time in our history. Personal incomes increased more than 5% over 1959, the previous record high. The Economic

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BUDGET TOTALS
(Fiscal years, in billions)

	1960 Actual	1961 Estimate	1962 Estimate
Budget receipts	$77.8	$79.0	$82.3
Budget expenditures	76.5	78.9	80.9
Budget, surplus (available for debt retirement)	1.2	.1	1.5
New obligational authority	79.6	82.1	80.9
Public debt at end of year	286.3	284.9	283.4

NOTE—Receipts and expenditures on new basis, which eliminates interfund transactions amounting to $0.7 billion for each of the 3 years shown.

Anti-Recession Report Seeks Golden Mean of Fiscal Policy

Task forces report headed by Professor Samuelson suggests framework and reasoning to guide new Administration's economic policy commencing tomorrow. Stress is on a fiscal policy to be handled more skillfully than in the past to achieve surpluses during prosperity for cyclical budget-balancing usage and to stop price inflation. Posited are first line minimal measures to increase Federal spending by $3 to $5 billion for the current business posture, defined as a recession, on the assumption of an "optimistic model" of $510-$515 billion GNP (annual rate) for the first two quarters, and outlined are more vigorous measures to be held on a standby basis, including a temporary personal income tax cut, pending results of February-March data. Under no circumstances, though, would the task group allow international balance of payments problem or price inflation to dictate domestic unemployment, or stop militant recovery steps and economic growth. This does not mean international aspects of our domestic policy will be ignored. The report calls for: (1) Federal Reserve and Treasury action to reduce long term interest rate down relative to the short term rate, (2) effort made to reduce our costs and to increase productivity, and (3) other measures to stop "price creep" without government control over wages and prices.

Following is the full text of a task force report, entitled "Prospects and Policies for the 1961 Economy," submitted to President-elect Kennedy on Jan. 5. The report was prepared under the direction of Dr. Paul A. Samuelson, Professor of Economics at Massachusetts Institute of Technology.

I
The Economic Outlook

(1) *Recession.* Economic experts are generally agreed that the nation's economy is now in a "recession." The slide since mid-1960 cannot be termed a "depression" like that after 1929, but so widespread a decline in production eserves more than the euphemism of a "rolling readjustment."

Paul A. Samuelson

Prudent economic policy must face the fact that we go into 1961 with business still moving downward. This means that unemployment, now above 6% of the labor force, may this winter rise more than seasonally. It means still lower profits ahead.

The fact of recession also has significant implications for the prospective budget. It means a falling off of tax receipts from earlier estimated levels. This recession is wiping out the previously estimated budget surplus for the fiscal year ending June 30. Many experts now believe that as of today it is reasonable to forecast a deficit for this fiscal year, assuming only expenditures already authorized and in the absence of desirable new expenditures from an accelerated effort. Recalling the experience of the 1957-58 recession may be useful: Due largely to the impact of a recession that everyone but the authorities admitted was then taking place, the announcement in early 1958 of a small fiscal 1959 budget surplus was actually followed by a final fiscal 1959 budget deficit of more than $12,-000,000,000! Not even the ostrich can avert the economic facts of life. He misreads the role of confidence in economic life who thinks that denying the obvious will cure the ailments of a modern economy.

No one can know exactly when this fourth postwar recession will come to an end. A careful canvass of expert opinion and analysis of the economic forces making for further contraction suggest this probability.

With proper actions by the government, the contraction in business can be brought to a halt within 1961 itself and converted into an upturn. Recognizing that many analysts hope the upturn may come by the middle of the year but recalling how subject to error were their rosy forecasts for 1960, policy makers realize the necessity for preparing to take actions that might be needed if this fourth recession turns out to be a more serious one than its predecessors.

(2) *Chronic Slackness.* In economics, the striking event drives out attention from the less-dramatic but truly more fundamental processes. More fraught with significance for public policy than the recession itself is the vital fact that it has been superimposed upon an economy which, in the last few years, has been sluggish and tired.

Thus, anyone who thought in 1958 that all was well with the American economy just because the recession of that year bottomed out early was proved to be wrong by the sad fact that our last recovery was an anemic one: 1959 and 1960 have been grievously disappointing years, as the period of expansion proved both to be shorter than earlier postwar recoveries and to have been abortive in the sense of never carrying us back anywhere near to high employment and high capacity levels of operations.

This is illustrated by the striking fact that unemployment has remained above 5% of the labor force, a most disappointing performance in comparison with earlier postwar recoveries and desirable social goals.

If what we now faced were only the case of a short recession that was imposed on an economy showing healthy growth and desirable high employment patterns, then governmental policies would have to be vastly different from those called for by the present outlook. But this is not 1949, nor 1954.

Prudent policy now requires that we also combat the basic sluggishness which underlies the more dramatic recession. In some ways a recession imposed on top of a disappointingly slack economy simplifies prudent decision making.

Thus, certain expenditures programs that are worthwhile for their own sake, but that inevitably involve a lag of some months before they can get going, can be pushed more vigorously in the current situation because of the knowledge that the extra stimulus they later bring is unlikely to impinge upon a recovery that has already led us back to full employment.

The following recommendations try to take careful account of the fact that the recession slide is only the most dramatic manifestation of the grave economic

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Britain's Shortcomings

By Paul Einzig

Distressed by the lack of plain speaking about the economic facts of life, as well as the reasons for plain speaking, Dr Einzig wishes there were as much progress towards a better understanding of elementary economics as there has been in Britain's progress since World War II. The writer is pained that: the overgrown automobile industry has superfluous workers when other industries are short of labor, the government finds it easier to increase government spending than to maintain the investment needs of its nationalized industries, and labor unions accept only part of the Keynes and Galbraith analyses but not all.

LONDON, Eng. — In a recent speech the recently-appointed Chancellor of the Exchequer, Mr. Selwyn Lloyd, painted a gloomy picture of the Budgetary outlook for 1961-62. He foreshadowed a considerable increase of expenditure as a result of pay increases granted to government officials and to the police, and of the projected expansion of education facilities. It is understood that the Treasury is fighting hard to secure some reductions to offset at least part of these increases, but that it is fighting a losing battle. It seems that all the crusading in the House of Commons for stricter Parliamentary control of expenditure has not even succeeded in moderating the increase. The spenders are firmly in the saddle and are not likely to be dislodged.

This increase in the flood of government spending coincides with the acceleration of the pace of wage increases. Between them they are bound to dispose of the mild business recession, and the chances are that the pendulum will swing in the opposite direction during 1961. And if the government should yield to pressure in favor of removing its disinflationary measures, the floodgates would be thrown open to inflation.

It seems at the moment that the government is reluctant to assume responsibility for the resumption of the inflationary spiral by terminating the credit restrictions and the instalment financing restrictions. Already it has much to answer for, because of its unwillingness to apply to its own spendings, the restrictions it applies to the private sector of the economy.

In his speech Mr. Selwyn Lloyd catagorically denied allegations that he was only prepared to remove restrictions if and when the automobile industry has dismissed a certain number of its workers who are now on short time. It is a great pity that the government does not in fact pursue such a sensible and realistic policy. Everybody knows that the automobile industry is overexpanded but nobody dares to do anything about it. Everybody pretends to believe that its setback is only temporary. A removal of credit restrictions would of course, assist in the disposal of the growing number of unsold automobiles, but it would not basically alter the need for a permanent curtailment of this overgrown industry. As things are a large number of workers are only working three days a week, even though their manpower is needed in other industries which cannot afford to pay as high wages as the automobile industry. The sooner they realize that a good many of them can never be on overtime again they may give up their resistance to dismissals.

All this is obvious but nobody dares to say so and the government would not dream of declaring it as its policy. This is one of the instances in which a little plain speaking would go a long way towards remedying unsound and untenable positions. The government should declare that, once the automobile industry has released its redundant manpower instead of hoarding it, the resulting all-round increase in production would justify a relaxation of credit restrictions. That language would be well understood by employers and employees alike.

Plain speaking would pay also in respect of the investment programmes of nationalized industries, and capital expenditure by the government in general. There has been much criticism of the practice that whenever it becomes imperative to cut down somewhere the government takes the line of least resistance by cutting down on such investment expenditure. It is certainly easier than to cut down current government spending, or to enforce wage cuts or even to call a halt to wage inflation. But it is causing growing resentment owing to the inadequacy of capital investment in Britain compared with many other countries.

It is for the government to make it plain that unless trade unions restrain their excessive wage demands there can be no railway modernization, no schools, no hospitals, no roads, no housing estates. Capital expenditure in the public sector of the economy should be linked to an inverted wage index. Each time there is an excessive increase in wages the government should announce that "in consequence of an additional £50 million of unearned incomes to the engineering and shipbuilding unions, the investment programs of the public sector have to be curtailed by £50 million." Since the unions insist on securing more money for television sets and beer and tobacco, educational facilities, hospital accommodation, etc., investment programmes have to be increased at a slower pace. This is the language that would be understood.

It is most unfortunate that, whatever progress has been made since the war, there has been no progress towards a better understanding of elementary economics, or even of simple arithmetic. The general public has remained in blissful ignorance of the fact that if more is spent on everything the sum total of it is inflation, unless production increases will at least correspond in extent. Restrictive practices by trade unions, resistance to automation, resistance to releasing redundant manpower, shortening of the working week and frequent strikes effectively handicap the increase of productivity. But the unions could not care less. All they want is higher wages, and never mind what effect in satisfaction of their demand produces. Yet they are indignant about the indaequacy of capital investment by both the public sector and the private sector of the economy. They refuse to see that if, as a result of wage increases, more is consumed, while as a result of restrictive practices, etc., production is kept down, there is not enough available for reinvestment in industry and in public services.

Of course, the stock answer to this argument is that increase of capital investment should come from a higher taxation of higher incomes. Although they are Keynesians regarding their advocating of credit expansion, they conveniently forget the elementary Keynesian principle that a larger proportion of higher incomes is saved, so that increased taxation of higher incomes means less available for non-inflationary investment. And although they are enthusiastic Galbraithites they conveniently forget Professor Galbraith's contemptuous reference to the old-fashioned emotional equalitarianism of the British labor movement. As in the story about the curate and the egg, they like Keynes and Galbraith in parts.

TAX-EXEMPT BOND MARKET

BY DONALD D. MACKEY

While the next Secretary of the Treasury was testifying a few days ago before the Senate Finance Committee that there might be a Federal budget deficit in fiscal 1962, and mentioned that it might be necessary to raise the 4¼% interest rate ceiling on U.S. Treasury bonds, the setting seemed to be set for the sharp sell-off that occurred early this week in intermediate and long-term Treasury securities, climaxing an almost uninterrupted decline since the first of the year. These circumstances more or less coincided with the President's prohibition on gold holdings outside the country by American citizens or businesses wherever they might be, after June 1, 1961.

Concurrently the reports from so-called task forces, committees and individuals for the next Administration, while seeming to constructively emphasize and encourage progress and improvement generally and universally, appear to depend in large measure on increased governmental spending without detailing the presumed never-ending sources of revenue. When the foregoing implications are considered in the light of the President-elect's campaign promises and implied platform obligations, the Eisenhower presented budget for the next fiscal year became a matter of considerable concern to thoughtful dealers, investors and bankers as well as many others. A substantial budget imbalance seems almost certain to develop as a matter of mere deduction.

All of these circumstances seemed to shape the vacuum into which government bonds fell late last week and early this week. The corporate and municipal bond markets were also adversely affected, but to a lesser extent. However, help abruptly reached the government market on Tuesday and the general bond market tone improved perceptibly. Long-term government bonds were up a half point or more. The market was again reprieved—the tenure undisclosed.

Tax-Exempt Yield Index Higher

Municipal bond prices had been quietly slipping for weeks under the pressure of anticipated new issue volume and other technical factors. The *Commercial and Financial Chronicle's* state and municipal bond yield Index has accurately portrayed this slump by its gradually increasing average yield over the past month. The yield Index reached 3.30% this week as against 3.261% a week ago. This reflects an average market sell-off of about ½ point. This is unusually interesting in view of the fine reception given the large new issues which have reached the market during this period.

As noted last week, the $95,000,000 State of California issue, so aptly priced below the market, met with stunning investor approval. The underwriting was many times oversubscribed. Almost concurrently, the $30,000,000 Los Angeles, California, school bond issue was well priced and well placed. Thus, last week's touchy market situation, replete with heavy inventory implications, was temporarily repaired through a strategic market retreat by dealers and by an immediately favorable investor response.

New York State Bonds Vastly Oversubscribed

Another sensitive market situation was overcome on Tuesday of this week. The week's largest and most important issue, $63,450,000 State of New York long-term serial housing general obligation bonds (1963-2011) were awarded to the combined groups managed by The First National City Bank of New York, The Chase Manhattan Bank and Lehman Brothers with a long list of associates, including the Bankers Trust Company, the Morgan Guaranty Trust Company, The Chemical Bank New York Trust Company and Kuhn, Loeb & Company, on a bid equivalent to an annual interest cost of 3.4873%. The bonds were re-offered at prices to yield from 1.50% to 3.65%.

This relatively attractive offering of high grade state obligations met with an immediately favorable investor interest. Priced well throughout the long range of maturities, there was a vast oversubscription.

Oregon's Quickly Sold

Tuesday's second largest flotation involved another important state issue. The State of Oregon awarded $30,000,000 Oregon general obligation bonds (1976-1977-1978) to a group managed by the Bankers Trust Co. and the Harris Trust and Savings Bank, and including The Chase Manhattan Bank, The First National City Bank of New York, Blyth & Co., Inc., Kuhn, Loeb & Co., and many associates. The bonds were priced from 3.30% to 99¾ for 3.40s.

The offering met with good investor interest on initial offering. On Wednesday, the balance was sold out and the account closed.

Other Issues Well Received

Another large high yielding offering came to market on Tuesday. The $11,000,000 Montgomery County, Md. general obligation serial (1962-1991) bonds were awarded to The First National City Bank in association with the Harris Trust and Savings Bank, The Chemical Bank New York Trust Co., The Mercantile Trust Co., The Northern Trust Co., and White, Weld & Co. The bonds were priced to yield from 1.70% to 3.75% in 1988. The 1989 through 1991 maturities, bearing a 1% coupon and ¼% coupons were not reoffered publicly. The reported balance is about $3,000,000. Here again the bidding carefully gave way to the market's technical problems with favorable investor reaction.

Another of Tuesday's offerings to meet with hearty investor interest involved $3,000,000 Suffolk County, New York Water Authority (1962-1993) bonds. This water revenue issue was awarded to the group headed by Smith, Barney & Co., in association with Kuhn, Loeb & Co., White, Weld & Co., and others. This good grade high yielding issue was priced to yield from 2% to 4%. It met with investor favor, there being less than $300,000 now in account.

Also on Tuesday, $7,000,000 Columbus, Ohio, Board of Education serial (1962-1984) bonds were awarded to a group headed by the Bankers Trust Co., The Chase Manhattan Bank, Kidder, Peabody & Co., C. J. Devine & Co., Stone & Webster Securities Corp. and others. The bonds were scaled to yield from 1.60% to 3.30%. Less than half of the bonds were out of account after initial offering.

Pennsylvania Authority Offering a Success

On Wednesday, the $20,600,000 State Public School Building Authority of The Commonwealth of Pennsylvania serial (1961-2000) bond issue was awarded to the group headed up by Halsey, Stuart & Co., C. J. Devine & Co., Goldman, Sachs & Co., Glore, Forgan & Co., and Kuhn, Loeb & Co. The bonds were scaled to yield from 1.50% to 4% in 1997. The 1998-2000 maturities bearing a 1% coupon were priced to yield 4.30%.

These obligations are secured by a first lien on annual rentals payable by local school districts to the Authority. As we go to press, the offering would seem to be oversubscribed.

The toll road revenue bonds continue to enjoy steady markets. This category of bonds seems to fluctuate less than most others. For the last several months the *Smith, Barney & Co.* Turnpike Bond Index has fluctuated less than .05%. On Jan. 12 the Index yield was 3.83%. With more recent market improvement, the Index is likely lower at present.

Inventory Favorable

Despite the recent heavy new issue volume, the inventory situation seems more favorable than might have been anticipated. The *Blue List* reports a state and municipal bond total of $346,700,500 on Jan. 18. A week ago the reported total was $351,181,500. With the new issue calendar now down to about $400,000,000 from over $6,000,000 a week ago, the street float of bonds would seem to be, temporarily at least, of moderate proportions.

Altogether, Tuesday and Wedneday of this week have been memorable days in recent municipal bond history. Most of the dozen or more new issues reaching market have been sold out or have at least met with favorable reception. Many factors contributed; not the least of which was sensible market price revision to the extent of from 10 to 15 basis points. Investors were pleased, sizable business was accomplished, and the market remains receptive.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978-1980	3.85%	3.70%
Connecticut (State)	3¾%	1980-1982	3.30%	3.15%
New Jersey Highway Auth., Gtd.	3%	1978-1980	3.40%	3.25%
New York (State)	3%	1978-1979	3.25%	3.10%
Pennsylvania (State)	3⅜%	1974-1975	3.00%	2.90%
Vermont (State)	3⅛%	1978-1979	3.15%	3.00%
New Housing Auth. (N. Y., N. Y.)	3½%	1977-1980	3.35%	3.20%
Los Angeles, Calif.	3¾%	1978-1980	3.80%	3.65%
Baltimore, Md.	3¼%	1980	3.40%	3.25%
Cincinnati, Ohio	3½%	1980	3.30%	3.20%
New Orleans, La.	3¼%	1979	3.70%	3.55%
Chicago, Ill.	3¼%	1977	3.65%	3.50%
New York City, N. Y.	3%	1980	3.50%	3.45%

January 18, 1961 Index=3.30%

A. N. Rolfnes With Kalman & Co.

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn. — Arthur M. Rolfnes has become associated with Kalman & Company, Inc., McKnight Building, member of the Midwest Stock Exchange. Mr. Rolfnes was formerly Vice-President of the First National Bank of Minneapolis.

With Fusz-Schmelzle

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Willard C. Blackwell has become affiliated with Fusz-Schmelzle & Co., Inc., 522 Olive Street, members of the New York and Midwest Stock Exchanges.

With Dempsey-Tegeler

KANSAS CITY, Mo.—Thomas B. Wayland is with Dempsey-Tegeler & Co., 17 East 10th Street.

Larger Issues Scheduled For Sale

In the following tabulations we list the bond issues of $1,000,000 or more for which specific sale dates have been set.

Jan. 19 (Thursday)			
Hoosick, Pittsford, Petersburg, Grafton and White Creek School District No. 1, N. Y.	2,440,000	1961-1989	2:00 p.m.
Marion, Ind.	4,000,000	1962-1996	11:00 a.m.
Santa Rosa County, Fla.	1,550,000	1962-1981	10:00 a.m.
Vista Irrigation District, Calif.	1,200,000	1964-1981	11:00 a.m.
Jan. 23 (Monday)			
Du Page County, Villa Park Junior High School District No. 45, Ill.	1,300,000	1962-1980	8:00 p.m.
El Dorado Hills County, Water District, Calif.	1,310,000	1963-1936	7:00 p.m.
Embarcardero Municipal Improvement District, Calif.	1,207,000	--------	11:00 a.m.
Fremont Union High Sch. Dist., California	3,300,000	1962-1936	11:00 a.m.
Maricopa Co., Washington Elem. Sch. Dist. No. 6, Ariz.	1,239,000	1962-1973	11:00 a.m.
Minneapolis-St. Paul Met. Airports Commission, Minn.	2,200,000	1964-1981	Noon
Morehead State college of Ky.	1,425,000	--------	1:00 p.m.
Jan. 24 (Tuesday)			
Alamance County, North Carolina	1,700,000	1962-1978	11:00 a.m.
Anoka-Hennepin Indep. Sch. Dist. No. 11, Minn.	1,000,000	1963-1986	7:30 p.m.
Evansville Waterworks Dist., Ind.	2,400,000	1963-1982	1:30 p.m.
Maryland	20,303,000	1964-1976	10:00 a.m.
Milwaukee, Wis.	8,495,000	1962-1976	10:30 a.m.
Morgan City, La.	2,100,000	1962-1981	8:00 p.m.
New York City	76,500,000	1962-1991	11:00 a.m.
North Coast County, Water Dist., California	1,600,000	1963-1991	8:00 p.m.
Pittsburg Unified Sch. Dist, Calif.	3,000,000	1962-1981	10:30 a.m.
San Diego, Calif.	5,000,000	1962-1991	10:00 a.m.
West Hartford, Conn.	2,350,000	1962-1981	2:00 p.m.
Jan. 25 (Wednesday)			
Allegheny Co. Sanitary Authority, Penn.	1,500,000	1962-1981	11:30 a.m.
Howell School District, Mich.	1,250,000	1963-1986	7:30 p.m.
Islip & Smithtown School District No. 6, New York	1,579,000	1962-1979	11:00 a.m.
Lake Charles, La.	1,000,000	1963-1986	10:00 a.m.
Mobile Board of Water and Sewer Commission, Ala.	3,000,000	1964-1992	10:00 a.m.
Montgomery Etc., Central School District No. 1, New York	1,900,000	1962-1981	2:00 p.m.
Rockland City Etc., Sch. Admin. District No. 5, Maine	1,250,000	1962-1982	11.00 a.m.
St. Louis, Ferguson-Florissant Sch. District No. R-2, Mo.	2,000,000	1963-1980	8:00 p.m.
Upper Sandusky Exempted Village School District, Ohio	1,375,000	1962-1982	12:30 p.m.
Jan. 26 (Thursday)			
Bremen Sch. Bldg. Corp., Ind.	1,300,000	1963-1990	1:00 p.m.
Huntington & Smithtown Union Free Sch. Dist., New York	6,386,000	1961-1990	3:30 p.m.
Jan. 27 (Friday)			
Spokane County, Spokane School District No. 81, Wash.	2,100,000	1963-1984	10:00 a.m.
Jan. 30 (Monday)			
Madison, St. Clair Counties Com. School District No. 10, Mich.	1,500,000	1961-1979	8:00 p.m.
Saginaw, Mich.	4,832,000	1962-1986	7:30 p.m.
Jan. 31 (Tuesday)			
Antioch Unified Sch. Dist., Calif.	1,000,000	1962-1981	10:30 a.m
Fort Smith, Ark.	1,525,000	1979-1986	2:00 p.m.
Lincoln County, N. C.	1,500,000	1964-1936	11:00 a.m.
New Mexico	8,000,000	1962-1969	2:00 p.m.
St. Bernard Parish Sch. Dist. No. 1, Louisiana	2,000,000	1963-1936	11:00 a.m.
San Dieguito Union High School District, Calif	1,500,000	1963-1936	10:30 a.m.
Feb. 1 (Wednesday)			
Connecticut (State of)	28,980,000	1964-1989	11:00 a.m.
Frankfort, Ind.	2,250,000	1962-1992	1:00 p.m.
Oklahoma City, Okla.	8,500,000	--------	--------
Feb. 2 (Thursday)			
Bay City Indep. School District, Texas	1,200,000	1962-1980	--------
Houston Indep. Sch. Dist., Texas	14,000,000	1963-1989	1:00 p.m.
King County, Highline Sch. Dist. No. 401, Washington	1,415,000	1963-1981	11:00 a.m.
Wayne County, Livonia Drain Dist. No. 2, Mich.	1,715,000	1962-1990	10:30 a.m.
Feb. 3 (Friday)			
Milwaukee County, Wis.	10,328,000	1962-1981	11:00 a.m.
Feb. 6 (Monday)			
Riverside City Sch. Dists., Calif.	2,300,000	1962-1981	11:00 a.m
Feb. 7 (Tuesday)			
Arapahoe County Sch. Dist. No. 6, Colo.	1,285,000	--------	--------
El Segundo Sch. Dist., Calif.	2,750,000	1962-1981	9:00 a.m.
Roseville Sch. Dist., Mich.	2,000,000	1961-1986	8:00 p.m.
Feb. 8 (Wednesday)			
North Carolina	10,000,000	--------	--------
Feb. 9 (Thursday)			
Minneapolis Spec. Sch. Dist., No. 1, Minn.	2,000,000	1963-1972	10:00 a.m.
Feb. 14 (Tuesday)			
Monroe, La.	1,675,000	1962-1981	10:00 a.m.

THE MARKET . . . AND YOU

BY WALLACE STREETE

Stocks bumped into the inevitable correction of their sharp 1961 advance this week with the industrial average ducking any clear-cut joust with the 640 mark which was reached on a rally last August and which, to the technicians, is a critical level that can do much to indicate the market's immediate future.

Since a previous rally topped out at that level, it is assumed to be one of strong overhead resistance. A decisive penetration would go a long way toward stimulating new optimism over the market. And, conversely, if it turns out to be a definite roadblock it would rekindle all the caution so prevalent late last year.

Street Sentiment Favorable

Wall Street sentiment was definitely on the favorable side. A pause after the industrials had run up 30 points in rather short order with only minor interruptions was thoroughly in order. The fact that the markets contracted and volume dropped somewhat sharply bolstered the view that it was a refreshing pause with no dire overtones.

There was no dearth of market technicians discussing not if, but when, the industrial average would score the first reading in the 700 area in history. The all-time peak was last year's 685 recorded just as the year got underway.

From volume of around 4½ million shares per session, including on one day of strength the broadest list in history, the setback saw turnover drop well below the four million level. And against the 1292 issues that appeared on a good day for the longest string of items ever to cross the tape, the reaction came when the total issues were down a score from the peak.

Plentiful Money Supply

Apart from the technical indicators, the market's action clearly pointed up the fact that there was plenty of money around for the right stocks despite the trend of the general market. A vague merger hint from Atlas—Powder — Atlas' management agreeing there was something to the talk but without spelling out anything more than that — was sufficient to make it a multi-point gainer that added 10% to its value on less than a dozen trades.

The profit-taking was concentrated on such as du Pont which so far this year has been asserting its old time position as a market leader. In the short span since 1960 ended, du Pont had tacked on more than a score of points. The reaction when it came was sharp, too. du Pont from its 1959 peak to last year's low had been marked down by a neat, 100 points.

Interest in Cyclicals

There was a cult building up both for the cyclical stocks on the belief that the end of the recession was near and also for those in this group that had been marked down hard since they posted their highs in 1959 or earlier. Kennecott was one that was favored in both categories since it is around half a hundred points under its 1955 peak, making it a depressed item for longer than the general run. Moreover, its 6½% yield is nearly double the average yield that has come to be regarded in recent years as normal.

Steels were a drag on the market, the gloomy predictions of when their private depression will end not calculated to build up any investor interest. The high-yielding item in that group was Bethlehem Steel with its indicated return of better than 5½%.

Youngstown Sheet, which had dropped some five dozen points from its 1959 high to last year's low, with only moderate recovery from the low, is also well into the 5% yield bracket. Youngstown's dividend is considered by most market analysts to be safer than that of Bethlehem although there is some argument over whether that of Bethlehem is actually in jeopardy.

Outstanding Auto Item

The auto picture was bleak enough so that there was little attention being paid to the shares of automotive equipment firms, except Electric Storage Battery which has been sharply lessening its dependence on the automobile industry. The company claims to be the largest domestic maker of batteries with half of its sales in the consumer product line.

A good part of what interest there is in Electric Storage currently is speculative — gambling on whether or not it will be successful in developing a fuel cell to generate electricity without any moving parts, a device that some scientists claim will be the next major breakthrough into a new field similar to that opened up by the transistor. So far the nearest development to commercial testing is a zinc-oxygen cell which won't be ready for at least half a year yet. It is sufficiently promising so that more than a dozen makers of materials handling equipment signed up with Electric Storage in a joint undertaking to solve the engineering problems of this cell.

Despite its promise, Electric Storage is down sharply from its high in line with the recession inroads on all the cyclical stocks. The company seems to have made a turn since 1958 when its sales and earnings dipped as a result of that business letdown. Actual results for 1959 and projections for 1960 indicate uninterrupted improvement in its profit-taking ability. Its indicated dividend, which appears to be well-sheltered by earnings that could run double the $2 payment, gives it a return running into the 4% bracket which is an above-average one.

Defense Step-Up Push to Aircraft

Aircrafts have been benefiting by expectations of increased defense spending which seems assured despite the change in Administration in Washington. The demand was not all-inclusive by any means and a few companies that decided to speed up their charges for development work to get them out of the way are expected to have red ink entries in their earnings statements for last year.

Lockheed is one in this category which wrote off the charges in one fell swoop. But to followers of the issue it only put the company in a position to show a sharp turnabout in this year's results. Some early predictions of this year's profit potential indicate a price-earnings ratio of only a bit over 10 times. Lockheed has been busily shifting away from manned aircraft as its chief line and currently rates its missile-electronic work as half of its business.

The big item in its missile work is the Polaris missile which has been making good in its final, underwater tests. To a degree the fate of Bausch & Lomb is also tied up with the success of the Polaris since Bausch developed and designed the optical equipment used on the missile to correct its flight path. The missile-optical instrument field is rated as one slated to get a third of a billion of the military's spending this year.

Obviously the participation of Bausch & Lomb in this expanding field should be of benefit to a company that was not noted in the past as one showing any outstanding profit margin. But progress is being made in the company's aggressive attack on high costs and it was able to step up the 9.6% profit margin of 1958 to more than 11% in 1959 so it seems to have solved the problem and, if continued progress is made, could add a new facet to a business that is over a century old.

[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]

Carter, Berlind to Admit

Carter, Berlind, Potoma & Weill, 37 Wall St., New York City, members of the New York Stock Exchange, on Jan. 30 will admit Julian Lasky Robinson to partnership.

With Oppenheimer Co.

Charles E. Hockler has joined the New York Stock Exchange member firm of Oppenheimer & Co., 25 Broad St., New York Ctiy, in its investment management department.

Paine, Webber Appoints Kurtz

William Kurtz has been appointed Assistant Director of Research for the coast-to-coast investment firm of Paine, Webber, Jackson & Curtis, 25 Broad Street, New York City, members of the New York Stock Exchange, it was announced by Luttrell Maclin, partner in charge of business development. Mr. Kurtz will assist Harry Comer, Director of Research, to develop and expand the firm's coverage of industrial securities. He will assume his new duties effective immediately, Mr. Maclin stated.

William Kurtz

Mr. Kurtz, who received his MBA from New York University in 1949, began his career as economist for the National Industrial Conference Board. In 1950 he left to join E. F. Hutton & Company, where he wrote Hutton's "Daily Market Letter." Mr. Kurtz has been a senior analyst at Paine, Webber since 1955.

J. Winterbotham Opens Inv. Off.

HOUSTON, Texas. — John M. Winterbotham is engaging in a securities business from offices at 503 Bank of the Southwest Building. Mr. Winterbotham was formerly a partner in Goodbody & Company.

Do Our Tariff Policies Really Help United States?

By H. B. McCoy,* Pres., Trade Relations Council, Wash., D. C.

Strong exception is taken against the way "injury provisions" of our Trade Agreements Act is adjudicated. Pointing to the flow of foreign investments by private American firms, Mr. McCoy warns why, in part, this is occurring and he also warns that the incentives to export foreign production to the United States is increasing. The tariff league spokesman contrasts our tariff policies with those of other countries; protests sacrifice of any domestic industry to the "national interest" and the idea of giving "trade assistance" during an adjustment period; and, instead, calls for minimum safeguards to protect employment and production against massive imports.

Foreign trade policy encompasses a rather large area of national policy, law, and governmental and private operations. For purposes of this particular discussion I prefer to discuss only a relatively few national issues. With respect to the basic question posed in the subject of this discussion, I do not believe that our present foreign trade policy is beneficial to the United States. I shall support this statement by pointing out what I believe to be the inequities of our present policy with respect to domestic industry, the one-sided nature of our trade agreements and tariff reductions, and one or two of the more important changes which I suggest be made in our national approach to orderly, profitable and mutually advantageous trade relations with the rest of the world.

H. B. McCoy

There Are No Extremists on the Trade Issue

I know this subject is highly controversial. News items in the trade press and elsewhere say that battle lines are being drawn for another prolonged bout between the so-called "protectionists" and the so-called "liberals." Incidentally, these two terms seem to have lost their original meanings and really have become quite inaccurate in describing the two opposing philosophies in the field of international trade policy.

Those members of industrial business and trade associations such as mine who advocate some reasonable safeguarding of domestic employment and industry are indiscriminately referred to as protectionists. Efforts are made to make this a dirty word. We are alleged to advocate erecting a trade wall around the United States, eliminating imports, cutting off our exports, and retiring into complete isolation and insulation from the rest of the world.

Those who advocate the so-called liberal philosophy, a philosophy in which there can be no possibility of error, are labeled "free traders," "one worlders," and starry-eyed believers in the theory that if this country makes trade concessions to every country which wants them—when they want them—that everything will come out of the best in this best of all possible worlds.

I can hardly believe that any thinking person (I am not referring to cigarette advertising) would agree that either one of these extreme positions is being advocated by any group or that either position could possibly be maintained as national policy. However, in this field of discussion arguments are very much like those in the political arena. Extravagant statements and distortions occur on both sides.

Are We to Sacrifice Domestic Industries?

A few years ago a proposal was made to the Randall Commission embodying the so-called "trade assistance" or "assistance for adjustment to tariff reduction," as a method of dealing with domestic injury from import competition. In making this proposal it was envisaged that the ultimate objective of our trade policy is the complete removal of all tariffs. It was advocated that national policy transcended considerations of domestic employment and production and that we should sacrifice domestic industry as a price for international political and economic considerations. While I have read a great many public statements emanating recently from principal industrial countries about their intentions to pursue "liberal" foreign trade policies, I do not recall that any responsible spokesmen for these countries have ever volunteered the sacrifice of their local Industries.

I am quite sure that discussions on the subject in this country have inspired recent official and unofficial statements abroad that the United States may find it desirable, if not necessary, to sacrifice domestic industries in order to accommodate the export ambitions of other countries. Particularly mention is made of the new production expected to be on the world market from the new industrial development of the less developed countries. A group of representatives from these areas recently suggested that the textile industry is marginal to the United States, but that the market in this country for textile products is a very crucial one to them in connection with finding markets for their growing infant textile industries.

I have no serious objections to those countries advocating this course of action, which would be enormously to their advantage if we were to actually adopt such a course. I do think, however, that the United States should promptly squelch any ideas that other countries may have that the removal of all duties is the objective of our foreign trade policy.

I feel sure that the proposition of governmental assistance to unemployed workers and communities adversely affected by imports will be actively advocated as an integral part of our foreign trade policy and will be urged as a substitute for the escape clause provision of the present Trade Agreements Act. I strongly oppose the concept that domestic industry should be sacrificed in the "national interest," either with or without a tariff. Practically all the industrial countries with which we do business maintain reason-

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$1.25 Minimum Wage Will Boost Unemployment

By Roger W. Babson

Mr. Babson makes it quite clear why he is convinced that a hike in our minimum wage will cause further unemployment. Even if Congress does nothing regarding our wage scale, fear that it will go up is said to prompt more American plants abroad. Sympathetic about the plight of distressed areas in several of our states, Mr. Babson favors taxing the more prosperous areas providing the money raised is used to develop new industries and is not distributed to the unemployed for temporary relief.

President Kennedy's proposed $1.25 minimum wage would result in many employers reducing the number of their wageworkers. They must do so to avoid bankruptcy. But this is not the only dangerous result of such legislation, if passed.

If this $1.25 proposal could stop with those now getting less, it could have certain advantages. In addition to aiding several million deserving persons, it would come back to farmers and manufacturers in increased purchasing power. None of this increase would be saved. This could be all to the good, but such legislation could upset all wage scales.

Wageworkers think more of prestige than they do of money. Most people are proud by nature, and well they should be. Furthermore, workers who are now satisfied with $1.25 per hour naturally would not like to see inexperienced workers raised 25% without a corresponding raise for themselves and others more experienced. Hence, the proposed minimum wage could upset the entire wage scale for millions of workers with resulting price increases for foods and consumer goods and services. Unfortunately, President Kennedy's economic advisors have never had a payroll to meet and are wholly ignorant of the intricate subject of wages and prices.

Eighty per cent of all shopkeepers employ only one or two clerks. These shops could be severely hurt as they are now barely making a living. Not only will most of them be obliged to put one of their clerks on halftime and thus reduce his or her "take-home pay" to 62½ cents per hour, but many of the small shops will feel obliged to close up and go out of business. President Kennedy's professors say: "Very well, there are already too many stores in every city and town." Such a statement is very misleading, as such salesmen and others who are now calling upon them will lose their jobs, the local newspapers will lose advertising, and more vacant stores will be seen on every business street.

To a certain extent this same principle applies also to the merger of railroads, banks, and various other large concerns. When the merger is announced, the statement is made that "no executive or other employee will be discharged." The policy of "no fire, but no hire" will be adopted. This means that as employees die or become 65, they will not be replaced.

Even today, with present wage scales, our wageworkers are "pricing themselves" out of work. Many manufacturers in our country are now suffering because of goods imported from Germany, Japan, and Italy, where wages are low and working hours long. As we Americans buy these imported goods, we are increasing unemployment here at home. Hence, any move to further increase our U. S. wage scales at this time will result in the importation of more foreign goods. This would cause more unemployment here at home. Fearing this $1.25 minimum wage, some corporations are already building factories in these foreign countries. Hence, I foresee that much more unemployment in this country is inevitable, whatever Congress does as to our wage scale.

President Kennedy deserves support from Congress for his appeal for certain cities which are suffering from exceptionally large unemployment. These are areas which have depended too heavily on one certain industry such as hard coal, coarse textiles, and some farm crops. I am very sympathetic with the report of Senator Douglas on this subject.

It is only fair that the entire country which is enjoying fair prosperity should be taxed to subsidize such unfortunate areas until they get back on their feet again. The money given them should, however, be used partly to develop new industries and not merely be distributed to the unemployed for temporary relief.

The Survival of Companies In the Aero-Space Industry

By D. C. Eaton,* *Director of Corporate Planning, Thiokol Chemical Corporation, Bristol, Pa.*

Aircraft companies are advised to obtain commercial support for a principal portion of their business if they want to survive competitively in the aero-space industry. Projections made for aircraft, missile and space programs through 1970 deal also with the rise of electronic companies as major prime contractors, and the future for medium-sized and small specialist contractors. Analysis stresses what should be done in order to cope with the changing aero-space environment. In addition, the future position of the aircraft engine, chemical and petroleum propulsion contractors is explored. Chemical contractors are expected to hold their own during the 1960's, but they are placed on notice to prepare now for new competition in the 1970's.

Ten years ago the defense industry was divided along lines which could be described as classical. The aircraft contractor designed a vehicle, selected suitable matching subsystems, and fabricated the airframe. His contribution in direct labor hours and in tooling and facilities was larger by far than that of the other participants. The other contributors were easily identified by subsystem—propulsion, fire control, instruments, accessories, etc.

D. C. Eaton

In the late fifties the transition from aircraft to missiles has worked a major transformation. During this period, fewer and fewer aircraft programs were initiated—with the natural consequence that there were not enough to go around. One by one the fifteen major aircraft contractors became missile makers, until today there are really only seven plane makers scrambling fiercely for the scant half dozen aircraft programs of the sixties. These seven are missile makers as well.

All of them have discovered that the hardware aspects of a missile — particularly for small quantities—are not sufficient to support the large facilities, organization and investment of the airframe company. More than this, they have found that so large is the share of the electronics specialist in the missile system that there is a whole new group of companies now qualified to compete for prime contracts. Instead of fifteen prime contractors, there are thirty or more. In general these electronics people, who are weapons system primes, are now indistinguishable in capabilities from the transformed airframe manufacturer.

This, however, is already history.

What Will Happen in the Sixties?

During the next decade total Departments of Defense and NASA expenditures will gradually increase from $41 billion in 1960 to $50 billion in 1970. These are fantastically large amounts of dollars and are of great import to us as tax payers. However, of more significance to members of the aero-space industry is the change which will occur in relative expenditures among the three basic divisions in the industry—aircraft, missiles and space programs. (See accompanying table.)

Despite the reduction in the development of new aircraft, 60% of the total dollars spent in the aero-space industry was devoted to aircraft in 1960. The trend to missiles, however, is rapidly cutting this figure down further, and by the 1965 only 30% of the total expenditures will be related to aircraft; by 1970 this figure will be further reduced to 20%. In 1960 missile expenditures were 35% and are still rising. The rate of increase of money spent for missiles, however, is also falling off and will reach its peak in 1965, representing at that time about 45% of total expenditures. By 1970 the missile share will have decreased again to 40%. The greatest change during this decade will be in the amount of money spent in space activities. In 1960 only 8% of total dollars was spent for military and non-military space activities. In 1970 we expect this total to reach 40% of the total aero-space dollar.

Market Trends of the 1960's

The predicted distribution of expenditures in 1970 is based on several fundamental trends, which are apparent today. The first and most obvious is related to the reduced effectiveness of aircraft systems as compared to missiles. Since the utilization of aircraft in our defense establishement is rapidly being reduced, there will be few air-to-air and air-to-surface missile systems developed in this period. As a replacement for the deterrent capability of long-range aircraft, we now have three strategic ballistic missile systems. It is probably safe to say that all three of these systems will be obsolete by 1970, and that at least two new strategic systems will be developed before 1970. The only segment of the missile arsenal which can be expected to increase in numbers and dollars in this decade is that of the ground and vehicle-based tactical systems. There will be a substantial number of these systems, and they will have to be small, highly sophisticated in performance, and flexible in capability. Our ability to wage limited warefare, will depend to a great degree upon the improvement of this type of weapon.

The greatest emphasis, however, must and will be placed upon the development of space systems. From the military standpoint, our whole defense will rest upon the improved ability of our space systems to maintain surveillance over unfriendly areas of the globe; to detect, track and destroy enemy missiles, should this become necessary. A great deal of money will be devoted to the development of AICBM's during this period, but by 1970 the emphasis for defense will shift to orbital defensive systems. Over and above the strict military requirements for space systems will be the opportunities for exploration and for the development of navigation, communication and weather systems. Should there be favorable changes in the international situation, the proportion of monies devoted to the exploration of space will be even greater by 1970.

Major Procurement
Aircraft — Missiles — Space
(Dollars in Billions)

	1960		1965		1970	
Aircraft	$6.7	58%	$4.5	29%	$3.0	19%
Missiles	3.9	34	6.8	45	6.3	40
Space	0.9	8	4.0	26	6.5	41
Total	$11.5	100%	$15.3	100%	$15.8	100%

None of these changes are rapid or abrupt insofar as the character of the aero-space industry is concerned. However slow the transition from aircraft and missiles to space activities may appear to be in relation to our day-to-day activities, the accumulated change in a ten-year period is great. The industry was dominated in 1950 by a dozen or more major airframe manufacturers. Of this group, none were independent of military support. Although a half dozen commercial aircraft were designed and produced in the industry in the decade of the 50's, the companies which produced them were dependent for their over-all economic welfare on the military activities which represented the bulk of their business.

Competitive Rise of Electronic Companies

In 1970 I would still expect the industry to be dominated by at least two dozen major contractors. However, the airframe manufacturer no longer can lay claim to any special position in the industry. Companies whose experience and growth has been in electronics are and will be equally, if not better, qualified to perform major system development for the military services than the classic aircraft manufacturer. Let us assume for the moment that half of the major prime contractors in 1970 were not historically part of the aircraft industry, while the other half were airframe manufacturers who have successfully diversified so that their capabilities are equally qualified for system work. Should this be the case, the electronics company who has become a prime system contractor is inevitably in a better position economically than the aircraft company because his principal business is commercial. He should, therefore, be in a more advantageous position competitively and should be able to survive the ups and downs of military contracting more easily than one whose whole support derives from the Defense Department. It would appear to me, therefore, that the assumption that half of the major prime contractors will be aircraft companies is false unless these companies have made major moves to obtain commercial support for a principal portion of their business.

Industry Composition

The aero-space industry today is composed of somewhat less than fifty major companies, several hundreds of medium-sized, second-tier contractors, and several thousands of very small specialists. The industry in 1970 will be composed of twenty to twenty-five major companies, most of whom either originated in electronics or have developed an equivalent capability and most of whom will have major commercial activities. It is our opinion that the several hundred medium-sized subcontractors will be reduced in number. This will be partly the result of the drawing in of business to the primes and the broadening of their activities to include much of the subsystem work now subcontracted. The other factor which will reduce the subcontractor group is the formation of teams to handle major system contracts. Many of the medium-sized contractors will be included in these teams, but there is not room for all of them.

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The Survival of Companies In the Aero-Space Industry

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In addition, the competition for survival will be fierce and the need to show reciprocity will be more and more urgent.

In 1970 I believe there will still be thousands and thousands of small, specialized companies, providing specific and limited services at low cost. The rise in technical consultant activity, for instance, has been pronounced over the past ten years. The tremendous broadening of technological challenge creates room for highly-specialized individuals or groups of individuals. Provided the problems of doing business with the military through the prime contractor are not too much for the small organization, there will continue to be many contributions made by such companies.

Requirements for Survival

What will it take to survive in the changing aero-space environment? It is a hard fact that not all now in the aero-space industry will survive through the decade of the 60's. The competitive environment is different for each but may be generalized in relation to the three distinct groups which make up the industry. These three groups are the large prime contractors, the medium-sized subcontractors, and the small specialists.

For the small specialist the conditions of survival will not be greatly different from those which prevail today. Ideally, of course, he should provide a service or a product which is unique. In practice, however, it is impossible to retain a truly unique product. Essentially, the degree to which the activity of the small company is original and unique will dictate his success in fighting off the osmotic process of the larger contractor and the imitative ability of the competitor. If his service is flexible enough not to become obsolescent in a short period of time, he will either grow to the point where he has problems of management, financing and facilities, or he will go out of business before this point. At this stage he will be exposed to offers of acquisition from companies both small and large. If he obtains capital and becomes larger, or if he is acquired by a larger company, the unique quality of his service will become diluted and more costly and, in all probability, some other small group of specialists will succeed to his place in the industry. There are many thousands of small companies such as this, but it is an ever-changing group. In essence, it is not a question of survival in this category of business because no one business stays in this category for very long.

The medium-sized contractor has always had a difficult time in the industry. In most cases, his technical and management resources are limited. Those whose business is based upon a product which is useful to many people and for many purposes are in a sound and favorable position. However, there is and will be a great deal of competition and the danger of obsolescence is paramount. By emphasizing technical improvement and the development of related products, this company is in a good position to survive. The medium-sized contractor, who provides a service such as make-to-print manufacturing or design service, is inevitably subject to the fiercest kind of competition. His customer, who is the prime system contractor, is fighting for his life and is trying to retain as large a direct labor base and as diversified a role in the system activity as he possibly can. The dual-source philosophy for critical parts and assemblies gives the prime contractor an opportunity to establish himself as the second source. It is not difficult to guess who gets cut off when the quantities or the importance of the system no longer require two sources.

The prime system contractor faces the greatest challenge today. We have already seen the airframe company lose the management of many major weapon system programs to electronic organizations. Nike Hercules, Zeus, Eagle and Hawk are just a few examples. At the present time only 30% of missile system dollars are spent in the plants of aircraft companies. The only way in which these companies can hang on to even this proportion of the work is to become diversified in capability to the extent that they are equally qualified. The only qualification which the airframe companies have which is of sufficient importance to justify maintenance of their position is the experience in systems management work. It will behoove the airframe contractor who wishes to survive to improve and refine his management techniques and to develop strong team relationship with companies whose capabilities complement his own. There is a danger, of course, in becoming identified on a weapon system team. Obviously, the contractor who too strongly identifies himself with other contractors in a team disqualifies himself with respect to other teams and other prime contractors. The appraisal of this penalty in terms of future work must be one of the principal contributions of company management.

Many ground support equipment and propulsion manufacturers will have this problem of sustaining their growth and obtaining the maximum number of programs without jeopardizing their independence. Areas of growth for these companies must be carefully planned by management since any improvement in their current status will require an upward move in knowledge and capability. To many of these companies, it will mean competing against former customers.

To further explore the ramifications of competition in the future, let us examine the position of the propulsion contractor. This group is now made up of old-line aircraft engine manufacturers and chemical companies. Petroleum companies must also be considered in the future. As the defense market shifts more towards space applications and the need for low-power, long-duration space propulsion arises, new entries will appear from the ranks of aircraft and electronic prime contractors in the fields of nuclear and electrical forms of propulsion.

Chemical Rocket Market's Duration

The question facing propulsion contractors today, is, "How long will the chemical rocket market hold up and when will exotic forms of propulsion penetrate the market?" Based on future weapon system requirements, it appears that the chemical rocket market should hold its own over the next ten-year period. Their greatest monopoly will be in the field of missiles. All new strategic systems will be solid propellant. Most tactical and air defense systems will be solid propellant. It must be added that some storable liquid systems could penetrate a few of the above type programs. Upper stages of space systems will be liquid, with a few non-chemical types coming in at the end of the decade. Launching boosters will be liquid, trending toward solid and then perhaps to nuclear. From these trends it appears that chemical rocket contractors can survive in the 1960's but must prepare now for new competition in the advanced forms of propulsion required in the 1970's.

Summation

In the final analysis I believe that the airframe manufacturer who wishes to survive as a prime contractor must abandon his historic image in the industry. He must not only diversify as he has been doing in the many technical fields connected with weapon systems, but he must also establish substantial commercial business support for his operations. The "feast or famine" character of weapon system work will be intensified because of the fewer systems which will be contracted in this decade and because of the larger group of qualified contractors in the field. The large electronics company already has the necessary support in commercial markets. The stability of his business operations, the greater earnings potential and the availability of cash flow which can be used for additional facilities or for company-sponsored R & D places him in a most favorable position. The development of commercial aircraft has never provided the arframe company with comparable benefits. Ideally, the aircraft company will develop, probably by acquisition, commercial enterprises amounting to one-third or even one-half of his total business volume.

From these very general principles, which result from an analysis of the military and space work which will be carried out in this decade, a great many specific plans and requirements can be developed. A management which does not consider these factors and which does not reserve a large part of its time to planning the moves which it must make will, in fact, find itself starving in an era of plenty.

*An address by Mr. Eaton before the American Rocket Society's 15th annual meeting, Washington, D. C.

Myers V.-P. of Sandkull & Co.

Sandkuhl & Company, Inc., underwriter of corporate securities, with offices at 1180 Raymond Blvd., Newark 2, New Jersey, and at 39 Broadway, New York City, announces that Elmer E. Myers has been elected a Vice-President of the corporation. Mr. Myers' background and experience in the securities business covers a period of many years with stock exchange firms engaged in dealing in all types of securities. He was formerly an officer of B. W. Pizzini & Co.,Inc., and was with George B. Wallace & Co., Merrill Lynch, Pierce, Fenner & Beane, L. F. Rothschild & Co. and Sutro Bros. & Co. Currently he is specializing in "growth stocks" for investors who are concerned with capital gains.

Elmer E. Myers

Mr. Myers is active in and currently President of the Hillsdale Little League. He is a member of the B. P. O. E., former Commander of both the Tank Corps Post of the Veterans of Foreign Wars and the Wall Street Post of the American Legion, Security Traders Association of New York, National Security Traders Association, and an overseas veteran of both World War I and II with the Tank Corps.

Talcott, McAlpin Office

EASTON, Md.—Talcott, McAlpin & Davis have opened an office at Peach Blossom Creek, with Marvin S. Bremer as representative.

Opposition Lodged Against Stock Option Changes

Treasury's proposal to issue new regulations governing the tax treatment of options finds Investment Bankers Association unwilling to go along with certain provisions.

The understanding of stock options as well as taxation proposals advanced by the Commissioner of Internal Revenue were criticized by Walter Maynard, Chairman of the IBA's Federal Taxation Committee, recently. Mr. Maynard is a partner in Shearson, Hammill & Co., New York City and he represented the Association. (Mr. Gerhard A. Munch, assistant general counsel, Mutual Life Insurance Company of New York, also submitted a statement criticizing the tax proposals as Chairman of Joint Subcommittee on Federal Taxation of the American Life Convention and the Life Insurance Association of America on behalf of the two associations.)


Walter Maynard

The text of Mr. Maynard statement follows:

First of all, we wish to protest against the retroactive effect of the proposed regulations. We feel that the proposed regulation changes the rules of the game under which business has been done for many years, and that any proposed new regulation should take effect at a time which will not interfere with business commitments already entered into; for this purpose it is suggested that Jan. 1, 1961 be set as the date after which whatever new regulations concerning options are ultimately adopted will apply.

Secondly, we must point out that it is our feeling that if the proposed regulations are adopted in the proposed form, they will have the effect of reducing, or largely eliminating, the economic usefulness of the option.

At this point it should be stated that the members of the Investment Bankers Association are interested in the tax treatment of options from several points of view: first, as they affect the *issuers* of options, secondly, as they affect *lenders*, and, thirdly as they affect financial firms which furnish *services to issuers* of options and lenders.

With respect to the *issuers* of options, they are almost invariably companies of relatively low rank in the financial spectrum. They use options to obtain capital and services which, generally speaking, they could not obtain any other way. They are obliged to "sweeten" their security offerings by offering options so as to compensate lenders for the risk which the latter must take in advancing money to sub-standard credit ratings. The use of options enables borrowers to sell debt obligations which they could not otherwise sell at any price. The weak borrower solves his financial problems in a rational way by the use of this device. Therefore, from the point of view of the borrower, we feel that the proposed regulations would be harmful to those segments of American business which most need help—small business, rapidly growing business and business of marginal financial strength.

Capital Gain Incentive Required

Turning now to the situation of *lenders*, individuals who are in high tax brackets are, generally speaking, the best sources of capital for small business and business in the earlier stage of development. These lenders are interested in the integrity of their principal, and, generally speaking, cannot be induced to take capital risks by any conceivable rate of interest. The bait of capital gain must be offered to them in order to induce them to accept risks, and a convenient form of such bait is the well-tried financial device of the option. These lenders in buying a combination of a debt obligation and a warrant or option in effect buy two securities—a debt obligation at a discount, and an option which exposes them to the possibility of capital gain.

In the case of institutional lenders much of the same reasoning applies as in the case of individuals. In addition, it is important, we think, to note that their ranks have been increased by the relatively recent development of the small business investment company (the firm in which I am a partner was recently the underwriter of the largest of these companies) and the option and its equivalent, the convertible security, is the basic ingredient in its equipment of financial tools. The proposed regulations would surely hamper the operation of these companies.

Turning now to investment bankers, or other independent contractors, what the issuer of options seeks is to induce the banker to contribute or invest in a degree of effort and support for the new securities that more than likely the issuer is not in a position to pay for with money; he must induce the investment banker or other contractor to take a risk i. e. invest what would be the money equivalent of his services and here again the bait for risk-taking is the possibility of capital gain.

It would thus seem that the problem is to write regulations which will have the effect of taxing what is really ordinary income at ordinary income rates, while preserving the possibility of capital gain which is the incentive and reward of the risk-taker. It would seem that a practical solution for this problem might be found by adopting a formula, or formulas, which would have the effect of defining the taxpayer's tax liability by establishing the value of options *at the time of issuance*. The formula could be based on a number of factors, including the issuer's book value and earnings at the time of issuance, the option price and the time period of the option.

In conclusion, we would like to emphasize that the matter of the tax treatment of options is one which is important to the economic growth of the United States, that it should not be dealt with hastily, and that the best brains available should be brought to bear on the problem after mature reflection. We believe it would be unwise for the Treasury to adopt any regulation until considerably more time has been given to study of this matter than the 30-day period (which included two major holidays) allotted since publication of these regulations in the *Federal Register*.

$63,450,000 State Of New York Bonds Placed on Market

Public offering of $63,450,000 State of New York 4%, 3.60%, 3½%, 3.40%, 3¼% and 2¾% serial bonds due 1962-2011 was made Jan. 17 by a group headed by The First National City Bank of New York, The Chase Manhattan Bank and Lehman Brothers at prices to yield 1.50% to 3.65%.

Of the total issued, $51,450,000 are 4%, 3.60%, 3.40%, 3½% and 3¼% housing bonds due 1963-2011 and $12,000,000 are 3.40%, 3¼% and 2¾% urban renewal bonds due 1962-86.

Among other members of the offering group are:

Bankers Trust Co.; Morgan Guaranty Trust Co. of New York; Chemical Bank New York Trust Co.; Bank of America, N.T.&S.A.; Kuhn, Loeb & Co.; Harriman Ripley & Co., Inc.; Smith, Barney & Co.; Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Lazard Freres & Co.; C. J. Devine & Co.;

Phelps, Fenn & Co.; Manufacturers Trust Co.; The Marine Trust Co. of Western New York; The First National Bank of Chicago; The Northern Trust Co.; Harris Trust & Savings Bank; Goldman, Sachs & Co.; Continental Illinois Bank and Trust Co. of Chicago; Hallgarten & Co.; Kidder, Peabody & Co.;

Ladenburg, Thalmann & Co.; Glore, Forgan & Co.; Eastman Dillon, Union Securities & Co.; R. W. Pressprich & Co.; Salomon Bros. & Hutzler; Barr Brothers & Co.; Drexel & Co.; Blair & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; White, Weld & Co.; The Philadelphia National Bank;

The First National Bank of Oregon; Carl M. Loeb, Rhoades & Co.; Bear, Stearns & Co.; Equitable Securities Corp.; Hornblower & Weeks; Mercantile Trust Co.; Paine, Webber, Jackson & Curtis; W. H. Morton & Co. Inc.; F. S. Moseley & Co.; Shields & Co.; Stone & Webster Securities Corp.; B. J. Van Ingen & Co., Inc.; Wertheim & Co.; and John Nuveen & Co.

Mortola to Head Pace College

New President of financial community's well-known college to be inaugurated today. Downtown-Lower Manhattan group sends greetings through David Rockefeller.

Dr. Edward J. Mortola will be inaugurated today (Jan. 19) as the new President of Pace College, 41 Park Row, in ceremonies which begin at 2:30 p.m. in the New York City Hall Council Chambers, continue at the College, and conclude in an inaugural dinner at the Waldorf-Astoria Hotel. Principle speakers include Dr. Francis H. Horn, President of the University of Rhode Island, the Very Reverend Laurence J. McGinley, S.J., President of Fordham University, and Dr. John F. Brosnan, Chancellor of the Board of Regents, University of the State of New York.


Dr. Edw. J. Mortola

Greetings to the new president are to be heard from Dr. David Rockefeller, President and Chairman, executive committee, Chase-Manhattan Bank, speaking for the Downtown-Lower Manhattan community; Dr. Ewald P. Nyquist, Deputy Commissioner of Education, speaking for the State Education Department; and Dr. Carroll V. Newsom, President of New York University, speaking for colleges and universities.

President Emeritus Robert S. Pace is to preside.

Cruttenden, Podesta & Co. Acquires Berwyn Moore Co.

Ernest A. Mayer (center), partner in charge of sales at Cruttenden, Podesta & Co., with Dale F. Linch (left) and J. Berges Reimer, co-managers of the Chicago-based firm's new Louisville office—its first in Kentucky, and its 20th, nationwide.

LOUISVILLE, Ky. — Cruttenden, Podesta & Co., members of the New York Stock Exchange and other leading Exchanges, have acquired the securities business and sales and clerical staffs of Berwyn T. Moore & Company, Incorporated, Marion E. Taylor Building. The acquisition marks the Chicago-based investment firm's first office in Kentucky, and its 20th nationwide.

Robert A. Podesta, managing partner, announced that Dale F. Linch and J. Berges Reimer have been appointed co-managers of the Louisville office. They were co-founders and Vice-Presidents of the 25-year-old Moore firm. Its founder, Berwyn T. Moore, and his son, Berwyn T., Jr. (Tom) are continuing in the business as members of Cruttenden, Podesta's Louisville staff. Eleven other Moore & Company sales representatives in Kentucky and Southern Indiana are also making the changeover.

CORRECTION: Owing to a mechanical error, the above photograph originally was inadvertently included in the news story appearing of page 31 of this issue pertaining to the admission of three new partners by Lehman Brothers.

NEWS ABOUT BANKS AND BANKERS

Consolidations • New Branches • New Offices, etc. • Revised Capitalizations

The Chase Manhattan Bank, New York has promoted Franklin R. Otto to Vice-President of its Puerto Rico branches and Julius J. Thomson to Vice-President of its branch in Beirut, Lebanon.

Mr. Otto joined the Chase National Bank in 1929. After two years in the coupon collection and credit departments, he was assigned to the Bank's Shanghai branch. In 1933 he was transferred to Hong Kong, and in 1935 he returned to the credit department in New York. He was assigned to Puerto Rico as Assistant Manager of the San Juan branch in 1945 and was promoted to Branch Manager in 1949. In 1953 he was named an Assistant Vice-President in the Puerto Rico branches.

Mr. Thomson was with the **Equitable Trust Company** when that Bank merged with the **Chase National Bank** in 1930. In 1931 he was assigned to Hong Kong, and in 1934 he was named traveling Auditor for the Bank's Far East branches. In 1941 he was promoted to an Assistant Manager in the Tientsin branch, and in 1955 he was appointed Manager of the Bank's Beirut branch.

* * *

George W. Allen, 77, who retired in 1948 as Second Vice-President of the **Chase National Bank in New York City**, died Wednesday, Jan. 11.

He began his banking career on Dec. 21, 1898 with the old **Colonial Trust Company, New York.** He traveled for several years after Colonial's merger with **Equitable Trust Company of New York** as a representative of the bond department. After Equitable and the Chase National Bank merger, he was assigned to the bond department, then to the New York Dealers division of Chase Harris Forbes.

Mr. Allen rejoined the municipal bond department with Chase in 1933, and was later named an Assistant Manager in 1937. He was promoted to Second Vice-President in 1945.

* * *

Horace C. Flanigan, Chairman of the Board of **Manufacturers Trust Company, New York** and William S. Gray, Chairman of the Board of **The Hanover Bank, New York,** jointly announced Jan. 17 that their respective Boards of Directors have approved their recommendation to merge the two institutions. The new bank will be known as **Manufacturers Hanover Trust Company.** It will be the third largest bank in New York City and the fourth largest in the United States.

The proposed merger is subject to approval by the respective stockholders of the two banks, by the New York State Superintendent of Banks and by the Federal Reserve Board.

Special meetings of stockholders of the two banks will be called as soon as practicable to vote on definitive terms of the merger proposal.

The new bank will have total resources of more than $6,000,000,000; deposits of nearly $5,500,000,000; and combined capital funds of $430,000,000.

Mr. Flanigan will become Chairman of the Executive Committee of the new bank. Mr. Gray will become Chairman of the Finance Committee.

Charles J. Stewart, President of Manufacturers Trust Company, will become Chairman of the Board of the combined institution. R. E. McNeill, Jr., President of The Hanover Bank, will become President. Gabriel Hauge, Chairman of the Finance Committee of Manufacturers Trust, will become Vice-Chairman of the Board.

The new bank will have five Executive Vice-Presidents: Raymond C. Deering, Senior Vice-President of Manufacturers Trust; Reese H. Harris, Jr., and Milo B. Hopkins, Executive Vice-Presidents of The Hanover; and Andrew L. Gomory and Eugene S. Northrop, Senior Vice-Presidents of Manufacturers Trust. Messrs. Hopkins and Northrop, operating under the President, will have charge of loans and banking administration. Mr. Deering will be in charge of branch administration and Mr. Harris will be in charge of the combined trust departments of the two banks and Mr. Gomory, the International Department.

Manufacturers Trust has 5,039,000 outstanding shares of capital stock owned by 29,793 shareholders. The Hanover Bank will, after the payment of a stock dividend of one new share for each nine held, already voted by its board, have 5,000,000 shares of stock outstanding in the hands of its shareholders. It is proposed that when the merger is approved Manufacturers Trust will declare a $33\frac{1}{3}\%$ stock dividend and that the merger will be effected on a share for share basis.

The merged institution will have 128 banking offices in Manhattan, Brooklyn, Bronx and Queens, Manufacturers Trust having 119 and The Hanover Bank nine branches, none of which conflict with each other in location.

The Hanover has two branches in London, an office in Paris and is opening an office in Beirut. Manufacturers Trust maintains representative offices in London, Tokyo, Rome, Frankfurt-am-Main and Paris.

* * *

Assemblyman Willis H. Stephens has been elected a member of the Board of Directors of **Commercial Bank of North America, New York,** it was announced January 18 by Jacob Leichtman, President.

Willis H. Stephens

Mr. Stephens is the son of the late D. Mallory Stephens who served as Chairman of the Board of Commercial Bank of North America from 1952 until his death last week.

* * *

The First National City Bank of New York, New York, has opened its second branch in Nassau County. It was opened on Jan. 12. Mr. Elmer A. Finck has been appointed Manager of the Freeport branch.

* * *

Chemical Bank New York Trust

Company, New York has elected Jarvis S. Hicks, Jr. and Edward A. Merkle to its metropolitan advisory boards, Chairman Harold H. Helm announced. Mr. Hicks, Vice-President of the **Long Island City Savings Bank,** will serve as Chairman of Chemical New York's Queens Advisory Board. Mr. Merkle, becomes a member of the Bank's 59th Street Advisory Board.

* * *

THE CORPORATION TRUST COMPANY, NEW YORK

	Dec. 31, '60	Oct. 3, '60
Total resources	$4,626,996	$4,299,930
Deposits	574,426	269,412
Cash and due from banks	2,184,520	2,199,001
U. S. Govt. security holdings	600,257	603,239
Undivided profits	665,007	752,433

* * *

Appointments of Theodore J. Witterholt, Warren A. Young and Arthur G. Van Horn as Assistant Secretaries of **Manufacturers Trust Company, New York** were announced by Horace C. Flanigan, Chairman of the Board.

* * *

The Boards of Directors of **Bankers Trust Company, New York** and **The County Trust Company, White Plains, N. Y.,** have authorized the officers of both banks to take appropriate action to accomplish the affiliation of Bankers Trust Company and The County Trust Company under a plan whereby a holding company (called "New York Holding Corporation") would become a registered bank holding company owning all of the stock of both banks and the shareholders of both banks would receive all of the stock of the holding company. Under this plan, the approval of the Banking Board of the State of New York and the Board of Governors of the Federal Reserve System must first be received and then it must be submitted to the shareholders of both banks.

* * *

Banco de Ponce, Puerto Rico is the first Bank to file applications under the foreign branch banking law enacted by New York State effective Jan. 1, seeking permission to convert its two New York agencies into branch Banks.

The announcement was made by Roberto de Jesus Toro, of Ponce, President of the Bank.

Banco de Ponce presently operates two banking agencies in New York, one at 51 Broadway, and the other at Third Avenue and 116th Street. The 51 Broadway agency was recently authorized to change its location to Southern Boulevard near Westchester Avenue in the Bronx. If the application is approved these offices will become branches.

Such branches, under the new provisions, would be permitted to accept and maintain deposits in New York City and to expand their banking functions and services, including and small business loans, and other kinds of banking carried on by locally chartered institutions.

* * *

At the Annual Meeting of the stockholders of **Kings County Trust Company, Brooklyn, N. Y.** on Jan. 16, a two-for-one stock split was approved.

* * *

The Williamsburgh Savings Bank, Brooklyn, N. Y., will celebrate its 110th anniversary on April 9.

* * *

Stanley B. Rich has been elected a Director of the **Peninsula National Bank, Cedarhurst, N. Y.**

* * *

Rockland National Bank, Suffern, Rockland County, N. Y. is offering holders of its capital stock the right to subscribe for 39,126 additional shares of capital stock at $20 a share at the rate of one new share for each seven shares held of record on Jan. 10. The right to subscribe will expire on Feb. 6.

Net proceeds from issuance of the additional shares will be added to capital funds of the Bank.

The State of New York National Bank Kingston, New York, with common stock of $700,000 and the **Huguenot National Bank of New Paltz, New Paltz, New York** with common stock of $100,000 have consolidated as of Dec. 31. It was effected under the title of **The State of New York National Bank,** with capital stock of $950,000, divided into 95,000 shares of common stock of the par value of $10 each.

* * *

As of Dec. 31, **The Merchants National Bank of Boston, Boston, Mass.,** with common stock of $6,300,000, and the **New England National Bank of Boston, Boston, Mass.,** with common stock of $2,400,000 have consolidated under the title of the **New England Merchants National Bank of Boston,** with capital stock of $8,700,000, divided into 870,000 shares of common stock of the par value of $10 each.

* * *

The President of the **Workingmen's Cooperative Bank, Boston, Mass.,** Everett P. Pope, has been elected to the **Board of the United States Trust Company, Boston, Mass.**

* * *

THE CONNECTICUT BANK AND TRUST COMPANY, HARTFORD, CONNECTICUT

	Dec. 31,'60 $	June 15,'60 $
Total resources	465,731,956	411,211,406
Deposits	402,218,444	349,579,141
Cash and due from banks	125,995,109	77,290,665
U. S. Govt. security holdings	81,671,805	80,179,906
Loans & discounts	199,308,528	139,001,940
Undivided profits	8,234,301	7,362,079

* * *

The transfer of Elner Carty, Vice-President of **Trenton Trust Company, Trenton, N. J.** from Mercer office to the Main office where he will have charge of credits, was announced by Mrs. Mary G. Roebling, the Bank's President and Chairman of the Board.

Mr. Carty will take over the desk of Francis A. Schuchardt who has resigned to become Senior Vice-President of **The Central Jersey Bank and Trust Company of Freehold, New Jersey.**

* * *

THE FIFTH THIRD UNION TRUST COMPANY, CINCINNATI, OHIO

	Dec. 31,'60 $	June 30,'60 $
Total resources	382,466,134	339,129,374
Deposits	343,717,110	300,846,890
Cash and due from banks	99,361,841	70,099,169
U. S. Govt. security holdings	80,426,001	65,056,415
Loans & discounts	182,234,425	183,584,779
Undivided profits	3,397,537	7,541,490

* * *

Alfred J. Mackin, President of **the First National Iron Bank, Morristown, N. J.** has announced the election of Robert G. Fairburn, to the Bank's Board of Directors.

Mr. Macklin also announced the promotion of C. Freeman Ayers from Assistant Trust Officer to Trust Officer.

* * *

THE FAIRFIELD COUNTY TRUST COMPANY, STAMFORD, CONNECTICUT

	Dec. 31,'60 $	Sept. 30,'60 $
Total resources	196,064,320	189,212,823
Deposits	177,596,205	170,750,140
Cash and due from banks	25,704,507	15,972,246
U. S. Govt. security holdings	35,403,475	38,016,249
Loans & discounts	113,710,987	113,950,341
Undivided profits	1,521,858	1,463,225

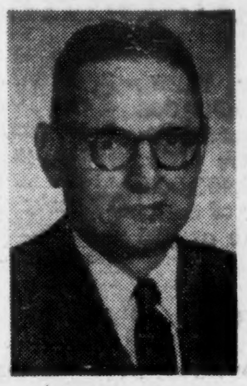
* * *

The date of effect of the merger of the **Peoples Bank and Trust Company, Hammonton, N. J.,** with common stock of $200,000, and the **Boardwalk National Bank of At-**

Continued on page 24

Lehman Brothers Admit 3 Partners


Marvin L. Levy


Arthur D. Schulte


S. M. DuBrul, Jr.

Lehman Brothers, 1 William Street, New York City, members of the New York Stock Exchange, have announced that Marvin L. Levy, Arthur D. Schulte and Stephen M. DuBrul, Jr. have been admitted to the firm as general partners.

Mr. Levy, widely known in the financial community, has spent his entire business career with Lehman Brothers.

Mr. Schulte, long prominent in business affairs, served on the Board of Economic Warfare during World War II.

Mr. DuBrul, served with the Central Intelligence Agency prior to joining Lehman Brothers.

CORRECTION: Owing to a mechanical error, the news story carried on page 31 of this issue pertaining to the above appointments inadvertently contained a picture of three men other than those referred to in the item.

News About Banks-Bankers

Continued from page 23

lantic City, Atlantic City, N. J., with common stock of $3,000,000 under the title of the **Boardwalk National Bank of Atlantic City,** with capital stock of $3,450,000, divided into 138,000 shares of common stock of the par value of $25 each, is Dec. 30.

* * *

The National State Bank of Newark, Newark, N. J. has increased its common capital stock from $7,000,000 to $7,500,000, by a stock dividend, effective Jan. 10. (Number of shares outstanding—600,000 shares, par value $12.50).

* * *

BROOKLINE SAVINGS AND TRUST COMPANY, PITTSBURGH, PA.

	Dec. 31,'60	Dec. 31,'59
Total resources	$41,761,441	$37,662,485
Deposits	36,525,597	32,663,845
Cash and due from banks	5,799,451	3,556,796
U. S. Govt. security holdings	4,958,084	4,958,277
Loans & discounts	24,413,923	22,854,210
Undivided profits	1,477,261	1,188,857

* * *

The Liberty Bank and Trust Company, Allentown, Pa., and the **Union Bank and Trust Company of Bethlehem, Bethlehem, Pa.,** merged under the title of **Union Bank and Trust Company.**

* * *

George D. F. Robinson, Jr. was elected Senior Vice President of **Baltimore National Bank, Baltimore, Md.,** on Jan. 13.

Harvey L. Hall was promoted to Vice President and Trust Officer.

* * *

The Wachovia Bank and Trust Company, Winston-Salem, North Carolina, and **Commercial National Bank of Kinston, Kinston, North Carolina,** merged under the title of **Wachovia Bank and Trust Company.**

* * *

The consolidation of the **National Bank of Lorain, Lorain, Ohio,** with common stock of $450,000, and the **Lorain Banking Company, Lorain, Ohio,** with common stock of $600,000, under the title of the **Lorain National Bank,** with capital stock of $930,000, divided into 93,000 shares of common stock of the par value of $10 each, was effective as of Dec. 30.

The Comptroller has approved an application to consolidate **The First National Bank of Bucyrus, Bucyrus, Ohio,** and the **Farmers & Citizens State Bank, Crestline, Ohio,** under the title of **Crawford County National Bank, Bucyrus.** The effective date is expected to be Jan. 31.

* * *

At the annual meeting of the shareholders of **The First National Bank of Chicago, Ill.,** held Tuesday, Jan. 10, all Directors now serving were re-elected, except Mr. Frank O. Prior, who has retired and did not wish to stand for re-election.

Two new Directors were added to the Board, Mr. Remick McDowell, and Mr. John E. Swearingen.

The shareholders also approved an increase in the capital stock of the bank from $125,000,000 to $150,000,000 by the issuance of a $25,000,000 stock dividend. This increase in the Bank's capital stock, which had been recommended by the Board of Directors of the Bank on Oct. 14, 1960, was also approved by the Comptroller of the Currency.

The stock dividend is on the basis of one new share for every five shares of Bank stock held by shareholders of record at the close of business on Dec. 30.

The Bank's surplus stands at $145,000,000, so that it now has a combined capital and surplus of $295,000,000.

Homer J. Livingston, Chairman of the Board, also announced that Edward J. Blettner, Vice-President, was promoted to Senior Vice-President.

George B. Rogers, Assistant General Counsel in the Law Department, was elected Vice-President and Associate General Counsel.

Tilford C. Gaines was elected a Vice-President.

Richard B. Keck, was elected Comptroller, succeeding Charles Z. Meyer, who retired at the end of last year.

R. Kenneth Newhall, Vice-President, has been designated head of the International Banking Department. Clarence J. Ruethling was elected Vice-President.

William K. Stevens was promoted to Vice-President; Graydon C. Nauman, Assistant Vice-President, and Marshall L. Zissman, Trust Officer.

* * *

A charter has been issued to the **Danforth First National Bank of Washington, Washington, Illinois.** Wheeler McDougal will be President and R. J. Dingledine will be Cashier. This is a conversion of the **Danforth Banking Company, Washington,** and was effective as of Dec. 31. The Bank has a total of $379,823.63 in surplus and capital.

* * *

The First National Bank of Schiller Park, Schiller Park, Cook County, Illinois, has been chartered, with Louis E. Nelson as its President, and Joseph J. Marik as its Cashier. It has $300,000 in surplus and capital.

* * *

The Comptroller has approved an application to merge the **First National Bank of Winston-Salem, Winston-Salem, N. C.** into **North Carolina National Bank, Charlotte, N. C.,** under the title of **North Carolina National Bank.** The effective date is expected to be Dec. 30.

* * *

By the sale of new stock, the **Peoples National Bank & Trust Company of Bay City, Bay City, Mich.,** has increased its common capital stock from $2,000,000 to $2,200,000, effective Dec. 27. (Number of shares outstanding—220,000 shares, par value $10).

* * *

Twelve advancements of officers, including the filling of the newly created post of Executive Vice-President, nine promotions from staff to officer status, and the retirement of a Senior Officer were announced by **National Bank of Detroit, Detroit, Mich.**

Donald F. Valley, Chairman, and Henry T. Bodman, President, reported that Mr. McLucas retirement will be effective as of Feb. 28, however, he will continue to serve on the Board of Directors.

Mr. McLucas started his banking career in 1927 in Kansas City, Mo., and joined **National Bank of Detroit** in 1945. He was in charge of the out-of-town division from 1949 to 1958, and subsequently has headed the marketing division.

George E. Parker, Jr. was named the Bank's Executive Vice-President. Mr. Parker, who has been a member of the Board of Directors since 1957 and was formerly Vice-President and Trust Officer, has been in charge of the Trust Department since 1946. He will continue to act as Chairman of the Trust Committee.

Mr. Parker, with 39 years of experience in banking, has been with NBD for nearly 28 years.

Norman B. Weston, formerly Vice-President and Assistant Trust Officer and now completing his 20th year with the Bank, was promoted to Vice-President and Trust Officer and will succeed Mr. Parker as Directing Chief of the Trust Department.

Three Vice-Presidents were advanced to Senior Vice-Presidents. They are: Raymond J. Hodgson, mortgage department; Richard D. Mange, Michigan division; and Robert M. Surdam, national division.

Mr. Hodgson entered the banking field at NBD in 1945.

Mr. Mange has been with NBD since 1944. For 10 years prior he was an Officer of the **Hackley Union National Bank & Trust Co. of Muskegon, Mich.**

* * *

The City National Bank of Detroit, Detroit, Wayne County, Mich., has received its charter from the Comptroller of the Currency. Its President is John H. French, Jr., its Cashier is Walton B. Moore, and has a total of $9,500,842.49 in surplus and capital. It is a conversion of the **City Bank, Detroit, Mich.,** with 10 existing branches.

BANK OF THE COMMONWEALTH, DETROIT, MICH.

	Dec. 30, '60 $	Jun. 15, '60 $
Total resources	380,359,224	349,417,837
Deposits	348,171,940	319,136,903
Cash and due from banks	53,028,784	52,739,158
U. S. Government security holdings	131,048,342	129,186,178
Loans & discounts	169,000,672	142,299,211
Undivided profits	6,877,058	7,259,863

* * *

Security Bank, Lincoln Park, Michigan, and the **Peoples State Bank, New Boston, Michigan,** merged under the title of **Security Bank.**

* * *

The Rockingham National Bank of Harrisonburg, Harrisonburg, Va., has increased its common capital stock from $150,000 to $225,000, by a stock dividend, and from $225,000 to $325,000, by the sale of new stock, effective Dec. 31. (Number of shares outstanding—32,500 shares, par value $10).

* * *

The Matewan National Bank, Matewan, West Virginia, has increased its common capital stock from $100,000 to $200,000, by a stock dividend, effective Dec. 31. (Number of shares outstanding—4,000 shares, par value $50).

* * *

The Board of Directors of **National Bank of Detroit, Detroit, Mich.** has proposed an increase in the Bank's capital stock of 400,000 shares, or $5,000,000 par value, to be distributed as a stock dividend at the rate of 12½%, or one share for each eight shares held, subject to approval by shareholders at their annual meeting on Jan. 17, and by the Comptroller of the Currency.

The additional shares, it is expected, will be distributed on or before Feb. 28, to shareholders of record at the close of business Jan. 31. Convenient arrangements will be available for rounding out or selling any fractional share interests to which shareholders may be entitled.

* * *

The First National Bank in Oshkosh, Oshkosh, Wis., has increased its common capital stock from $500,000 to $1,000,000, by a stock dividend, effective Dec. 21. (Number of shares outstanding—100,000 shares, par value $10).

* * *

By a stock dividend, **The First National Bank of Appleton, Appleton, Wis.,** has increased its common capital stock from $1,000,000 to $1,500,000, effective Dec. 21. (Number of shares outstanding—150,000 shares, par value $10).

* * *

By the sale of new stock, the **Northwestern National Bank of Bloomington-Richfield, Bloomington, Minn.,** has increased its common capital stock from $200,000 to $300,000, effective Dec. 21. (Number of shares outstanding—3,000 shares, par value $100).

* * *

The Rapid City National Bank, Rapid City, South Dakota, has changed its name to the **American National Bank of Rapid City,** effective as of Dec. 30.

* * *

The Iowa-Des Moines National Bank, Des Moines, Iowa, has increased its common capital stock from $3,000,000 to $4,000,000 by a stock dividend, effective Dec. 16. (Number of shares outstanding—40,000 shares, par value $100).

* * *

The Minatare State Bank, Minatare, Nebraska, has changed its title and location to **Bank of Gering, Gering, Nebraska.**

* * *

By a stock dividend, **The City National Bank in Norman, Norman, Okla.,** has increased its common capital stock from $200,000 to $300,000, effective Dec. 27. (Number of shares outstanding—3,000 shares, par value $100).

* * *

A charter has been issued to the **Central National Bank of Oklahoma City, Oklahoma City, Okla.** It is a conversion of the **Central State Bank, Oklahoma,** and was effective Dec. 19. Its President is L. D. Lacy, its Cashier is Virgil E. Downing, and has a total of $2,089,712 in Capital and Surplus.

* * *

The Peoples National Bank of Stuttgart, Stuttgart, Ark., has increased its common capital stock from $200,000 to $400,000, by a stock dividend, effective Dec. 21. (Number of shares outstanding—40,000 shares, par value $10).

* * *

Harry F. Harrington, President, will succeed Tom K. Smith as Chairman of the **Boatmen's National Bank of St. Louis, Mo.** Mr. Smith has been named Honorary Chairman. Mr. Harrington will

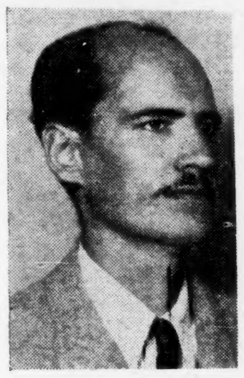
Continued on page 108

Challenge of the New Era

By Dr. David McCord Wright,* *William Dow Professor of Economics and Political Science, McGill University, Montreal, Canada*

Capsulized business cycle analysis of the basic reasons why we are in a business downturn charts what must not be done if we are to solve our problems. Singled out is the importance of cost-price relationships and profit prospects and, therefore, of stopping the exploitation of capital by labor. We have no "affluence," Professor Wright insists, and he adds we must stay away from "quack nostrums"—listed one by one.

Nearly a year and a half ago, at the July convention of investment analysts in Montreal, 1959, I said that I could not share in the optimistic economic forecasts then current. I did not then and I do not now think we have any danger of the bottom dropping out of the economy as in 1929. But what I did perdict, and what has in fact occurred, was considerable deflationary pressure and a painful period of readjustment. The indices may go up and down from time to time but I doubt myself whether we will reach a state of what I would prefer to call "full prosperity" rather than full employment for some time yet to come.



D. McCord Wright

Now what shall we do about this? It is not enough just to "get started." I am reminded of R. H. Tawney's "the proper thing for a man in a difficulty to do is not to advance as rapidly as possible in the *wrong direction*." Let us run over past history a bit to give an adequate background.

Postwar Cyclical Pattern

Every great war has usually induced inflation and every great war of modern times has been followed after a while by deflation. I do not subscribe to any theory of automatic "glut," such as has been and no doubt soon again will be fashionable. But what does happen during a great war is an enormous over-stimulation of *particular* lines, and after a while those lines find themselves over-committed. The problem then is one of *re-direction* of the flow of production. But this takes time, nor it is any function of "monopoly," as usually defined. What would be needed for externally uninterrupted production would be to have each producer equipped with X-ray eyes which would read off the wants of the economy *six months before they were formed*, and an eel-like agility that would enable them to transfer into satisfying those wants, with prompt and mechanical perfection. Neither of these conditions is ever possible whether under socialism or capitalism!

But now when a considerable section of the economy has become over-committed either temporarily or for the long run and begins to slow down activity then the depression begins to spread. And immediately the cry is raised of "shortage of demand" and so we start to reach for the inflation bottle. This is like trying to cure a fever by getting drunk. I do not believe myself that the government should merely pursue a policy of masterly inactivity should the Gross National Product begin seriously to slide. But stimulation of demand is just aspirin for a T. B. case. We must also get at the basic malady.

The fundamental task, as I have said, is a re-direction of production. But in a free enterprise economy such as ours is—and such as I hope it will continue to be—this re-direction is partially at least implemented by cost-price relationships and profit *prospects*. Now here we hit a second factor in our present condition.

Stopping Labor's Exploitation Of Capital

North American (Canadian and U. S.) management and North American labor have both been "riding high" during the last 15 years. A world demand that seemed well-nigh insatiable plus an apparently endless inflation had led management to become somewhat complacent about product outlets. Also it was easy to grant wage concessions if they could be immediately recouped from the consumer. Many wages in many lines have outstripped gains in productivity. There has been not an exploitation of labor by capital but of capital by labor.

Worse yet, the unions have followed the age-old pattern of "mature" unionism and begun to dig in *technologically!* I mean that work rules and feather-bedding have become an increasing problem. Thus if the trend continues unchanged, we may find ourselves over here as hamstrung by labor as the United Kingdom economy has sometimes been. The danger is real and growing — and this comes just at the time when Europe in the full vigor of the most modern plants re-enters the world market on a large scale.

Avoid Quack Nostrums

Finally, to complete the picture, an influential group of intellectuals have done their best to create an atmosphere of moral vulnerability and unpreparedness by talking a lot of poppycock about "affluence" and "release from the thralldom of productive efficiency" — just when the United States and Canada are being called on for a gigantic effort in the direction of greater efficiency and lower costs. What shall we do?

The siren spiel will be to try to retreat within our own economy —to bar foreign goods, stop foreign loans and foreign aid, forget the rest of the world. Any unoccupied industrial margin can be kept occupied by gigantic welfare expenditure and we can wallow in "affluence," while the rest of the world goes to hell. This is the road to national suicide. We are also partners in a cold war and nothing can lose us our allies quicker than if we embark on a program of restrictions designed to cut off their goods. The alternative is to out-design the other fellow, to increase our productivity so that we can make the adjustment to the new price level with a minimum of suffering and disturbance.

But in this effort the role of the unions and the intellectuals will be crucial, as it was in England in the twenties. Will we here, as there then, find every effort at adjustment misrepresented as exploitation? Will we find ourselves encouraged to live in a cloud-cuckoo land of imaginary wealth and security? Will we find serious consideration of the problem blocked off by the clamor of quack nostrums? This is the problem that faces us. And on how we solve it depends our future.

*From a talk by Dr. Wright before the 65th Congress of American Industry, sponsored by the National Association of Manufacturers, New York City.

Kansas City Municipal Bond Club

KANSAS CITY, Mo.—Ten Kansas City investment firms have announced the formation of a municipal bond club to represent this city in financial circles throughout the country. This club was formed at a luncheon meeting held at the Hotel Phillips. Total preparation for this formal announcement has taken over one year of work carried on primarily by E. Stephen Brown of Barret, Fitch, North & Co.

E. Stephen Brown

John Bondank

Harry F. Mayfield

John F. Fogarty, Jr.

The officers elected were as follows:

E. Stephen Brown, President, Barret, Fitch, North & Co.; John Bondank, Vice-President, Zahner & Co.; Harry F. Mayfield, Secretary and Treasurer, Commerce Trust Co.; John Fogarty, Social Chariman, Stern Bros. & Co.

Firms represented at the meeting as founders were:

City National Bank & Trust Co., Commerce Trust Co., Luce, Thompson & Crowe, Barret, Fitch, North & Co., George K. Baum & Co., Piersol, O'Brien & Adams, Lucas, Eisen & Waeckerle, Zahner & Co., H. O. Peet & Co., Stern Bros. & Co.

The club will function strictly as a municipal bond club and membership will be limited to principals of firms and their representatives directly concerned with the underwriting, trading and selling of municipal bonds. A Membership Committee has been formed to consider the eligibility of personnel employed by out-of-town offices who are directly concerned with municipal bonds.

F.I.C.B. Offers New Debentures

The Federal Intermediate Credit Banks offered on Jan. 17 a new issue of approximately $218,000,000 of 2.95% nine-month debentures, dated Feb. 1, 1961, and maturing Nov. 1, 1961. The debentures are priced at par.

Proceeds from the financing will be used to refund $184,500,000 4.55% debentures, maturing Feb. 1, 1961, and for lending operations. The 3.30% debentures, maturing May 1, 1961, were also reopened in the amount of $5,000,000, and sold at a net price.

The new issue is being offered through John T. Knox, Fiscal Agent, and a nationwide selling group of recognized dealers in securities.

To Be Edwards Partner

ST. LOUIS, Mo. — On Jan. 26, George A. Jensen will become a partner in A. G. Edwards & Sons, 409 North Eighth St., members of the New York and Midwest Stock Exchanges.

Business and Finance Speaks After the Turn of the Year

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the companies total construction expenditures for 1960 were $3.35 billion, almost 10% of all construction expenditures of American industry during the year, and brought the total investment in electric utility plant and equipment to approximately $46 billion. The electric companies anticipate increasing expenditures in 1961 by $60 million over the 1960 level.

The investor-owned utilities are planning effectively to meet the growing requirements of the areas they serve. But over and above that they are expending increasingly greater efforts in coordinating planning among companies to assure adequate supplies of electric power at the lowest possible cost. One such effort is the Empire State Utilities Power Resources Associates, formed last year to study the future of power pooling and coordinated construction of transmission and generating facilities, including the place of atomic power, in the state.

This coordination is not limited to developing desirable objectives. Late in 1960 the same seven companies formed another group, Empire State Atomic Development Associates, which has inaugurated a two-pronged research and development program that is expected within a few years to lead to the construction of a large scale atomic power plant in the state that will generate electricity at a cost competitive with plants using conventional fuels. In addition, these same utilities, individually and as members of groups, are engaged in giving financial, technical and management support to other nuclear power development projects.

These activities are significant in assessing the outlook for the electric utility industry. They show first that the individual companies are planning considerable plant additions for many, many years in the future because they see the growing demand for service that will require increased capability. Secondly, they show that the industry has a foresighted and bold leadership that recognizes that it must prepare now for the day when the supply of fossil fuels is no longer adequate to meet the growing national energy needs. Thirdly, they show that the investor-owned electric utilities are fully capable and willing, financially and technically, to carry the burden of the development of atomic power for the production of electricity.

I hasten to point out that nuclear power is only one of many areas in which the investor-owned electric industry is conducting extensive research and development. The industry is now involved in more than 1,000 projects in a great variety of fields ranging from the development of other sources of energy and methods of energy conversion to more efficient transmission and distribution facilities and to perfecting new electrically-powered equipment and devices for home, farm, business and industry.

Directly related to a favorable sales and revenue outlook for 1961 are two factors that will make the earnings picture bright for 1961 and ensuing years. One factor, often overlooked, is that the rising costs of materials and labor which affect all businesses are being somewhat offset by the extensive development, modification and adoption by utilities of methods and equipment that cut costs. In many cases, these economies are built into operating structures so as to continue to contribute savings year after year. The second factor is the increasing recognition by regulatory bodies of the need of utilities to have a more substantial rate of return on investments in order to continue to attract adequate capital funds.

Finally, in terms of both the gas and the electric utility industries, the outlook for 1961 and future years will be highly dependent on two other factors that affect all businesses. First, there must be sound government policies that will retard inflationary trends, and second, there must be developed a national power policy which will remove tax favoritism on government - financed power projects and eliminate Federal spending on projects which the investor-owned utilities are willing and able to carry out.

BENJAMIN ABRAMS

President, Emerson Radio and Phonograph Corp.

The projections made in the early part of 1960 in both sales and profits have failed to materialize. This was due to a considerable softening in business beginning in the last six months, resulting in widespread price cutting and lessening of profits. In the case of Emerson, we suffered disappointing results in our Goverment Electronic Division brought about by delays in production, due to engineering changes, in some major production contracts. Over-production in television and radio on an industry-wide basis affected operating results in that division. To offset the disappointing results in television and radio, there was a marked improvement in our Air Conditioning Division, which showed an increase of approximately 100% in sales and a considerably greater percentage of improvement in profits. Although I see no indication of any upward trend during the first half of 1961, I am inclined to be optimistic for the second half. The lower production rate at which the industry is currently operating will, during the next few months, balance supply and demand consequently bringing about an improvement in the pricing structure, thereby reflecting improved profits. On the whole, 1961 will be a better year for our industry.

GEORGE ALPERT

President, New Haven Railroad

The year 1961 may mark a major turning point for the New Haven Railroad. For the past five years, we have been engaged in a campaign to obtain equal treatment for the railroad—equality in taxation and subsidy that is necessary if the New Haven is to survive. At this moment, it looks as if this campaign is reaching fruition.

George Alpert

Everyone in the financial community is aware of the circumstances that have led to the decline of many of our nation's railroads. Once powerful monopolies, the railroads have in recent years suffered heavily in the face of subsidized competition from air and highway transportation.

But the most serious problem for many railroads, particularly in the East and specifically the New Haven, is the passenger deficit.

All railroads lose money on their passenger business, but most earn enough from their freight operations to absorb these losses. The New Haven cannot. We have the highest percentage of passenger service (45%) in the nation, and our deficit from this phase of our business is more than three times greater than what we earn from freight. As a result, the New Haven had a net loss of $10.5 million in 1959, and will show an even greater loss for 1960.

Everyone seems to agree that passenger service by rail is essential. Certainly this is so as to commuter service. During the blizzard of December 1960, the New Haven and other suburban railroads were bringing into New York not only their own commuters, but added thousands whose cars or buses were virtually useless on frozen and snow-bound highways. The long-haul service is equally essential, even if only used as a standby when the planes are grounded and the highways are icy. For this reason, I have long maintained that abandonment cannot be the solution.

At the same time, the railroad cannot continue to absorb the huge passenger deficit year after year. We advocate a more equitable approach to the transportation problem—a program of tax relief and subsidy for railroads comparable to that enjoyed by our highway, air and waterway competitors.

That tax relief is necessary has been recognized in principle by New York's Governor Rockefeller, who sponsored a bill to bring some measure of relief to New York State's railroads. Other hopeful signs are the arrangements that have been successfully made by the State of New Jersey and special emphasis on the transportation situation is a major project of the Kennedy Administration in 1961.

All of these developments indicate a more positive approach to the transportation problem in general, and the New Haven problem in particular. I am confident that with the cooperation of all the parties involved—management, labor, and government on every level—we will be well on our way to the solution of this problem in 1961.

HOYT AMMIDON

President, United States Trust Company, New York, N. Y.

Five fundamental factors will determine the prospects for trust banking and the management of investment funds in 1961: (1) the condition of the general economy, (2) the state of confidence in the dollar, (3) the actions of the new Administration in promoting our country's international position and in encouraging a vigorous and free economy, (4) the movement of the security markets, and (5) the returns available on invested and loanable funds.

Hoyt Ammidon

We expect that the current small recession in business will be limited to about a 2% decline in the gross national product in real terms and that the economy will resume rising by the second quarter of 1961. The expected gains thereafter will rest mainly on personal incomes and consumer spending, secondly on rising government purchases and will be supported later in the year by some rise in construction. We expect the dragging elements of inventory reduction, capital expenditure decline and consumer durable softness to be lifted by the second half. Underlying the recovery expected in 1961 will be the basic long term stimuli of our international responsibilities, the domestic demands for higher living standards, and the pace of technological progress.

We believe that there is an excellent opportunity for strengthened confidence in the dollar during 1961 if the new Administration pursues strong monetary policies. Internal inflation pressures have moderated. Our exports and our favorable merchandise trade balance have gained sharply during the past year. Determined action should reduce somewhat our foreign aid and military expense burdens. Given a favorable business trend and adequate interest rates, the substantial capital outflow of 1960 should give way to a better balanced flow of capital and therefore to a much improved balance of payments.

The policies and actions of the new Administration will have great influence on the degree of confidence in the economy, the dollar and the security markets. Most important to watch will be the vigor with which the United States' international interests are promoted, the strength of the monetary policies adopted, and the ways in which liberal goals are reconciled with the maintenance of a free economy and free markets.

We do not expect substantial changes in average stock prices or in average bond prices during 1961. While we anticipate normally wide fluctuations in stock prices and the continuation of a highly selective market, the general outlook for equities appears to be in good balance between rather liberal prices and a continued strong demand for investment in the country's growth. Selectivity will more than ever be the key to successful equity investment. While supply and demand factors in the bond market now seem in good balance, business recovery and protection of the dollar are likely to bring higher interest rates before the end of the year.

We expect moderately increased income from securities held in investment accounts. Because of substantial corporation cash flows and expected business and earnings recovery, we anticipate a small increase in dividend payments. Continuing reinvestment opportunities in bonds should also bring an increase in interest collections. Although we expect a recovery in shorter term rates during the year, the prevailing lower lending rates and higher costs are putting pressure on banking earnings. Overall, the corporate goal for 1961 in our business will be to maintain through sound policies and increased efficiency the good earnings results in 1960.

In summary, despite the problems arising from the softer business trend and from higher operating costs, we expect a good year accompanied by the development of increasing opportunities for future growth in trust banking and investment management.

MARK ANTON

President, Suburban Propane Gas Corporation

The progress made by the LP-Gas industry is determined, to some degree, by residential construction. Generally speaking, new construction in suburban and exurban areas creates new customers for our industry. Our growth, however, has become much less dependent on "new customers." Whenever an appliance is added to the home of a present customer, for example, our gas load automatically rises. And, the increasing acceptance of "gas heat" will have a marked effect on sales in the years ahead.

Mark Anton

With reference to the much talked about electric heating, it is acknowledged that the electric utilities are being forced into the home heating market in order to balance their air conditioning summer peak load. I personally do not consider this a serious threat; certainly at least not for five to ten years and perhaps even longer. Needless to say, the cost of heating a home is a substantial portion of the household burget. In order to compete with the average propane house-heating rate of 20 cents per therm, electricity would have to be available at less than one cent per kwh. Other pertinent factors are the certainty of being without heat during heavy winter storms and that electric heating and air conditioning have yet to be combined into one central unit. Furthermore, in order to make electric heat economically feasible, new homes must be built especially for it, with heavy insulation and storm windows. Electric heat specifications call for six inches of ceiling, four inches of wall and two inches of floor insulations which, in effect, make a house into a "thermos bottle" with no air infiltration. An older home must be completely renovated to meet these specifications.

Sales of propane for industrial uses continue to climb. This is based on the broadening acceptance of propane as a motor fuel for fork-lift and tow trucks, and stationary combustion engines, as well as the constantly increasing number of applications of LP-Gas heat in industrial processes.

Whether in 1961, labor will pause in its constant demands for increased wages and benefits is something which we cannot predict. My recommendation for keeping a ceiling on rising costs is simply to keep a constant watchful eye on every possible way in which to effect economies. While at the start of each year we are certain that we have exhausted all possible cost reductions, we have found that as the months go by, new ones become apparent.

Fortunately, just as utility rates are not subject to short term fluctuations, the selling price of LP-Gas remains fairly stable. The basic demand for this fuel is still in the home for such fundamental purposes as cooking, water heating and other accepted standards of modern living. As a result, the industry neither enjoys the booms of "prosperity" nor suffers the depths of "depressions."

All in all, therefore, I would say that the outlook for 1961 is good.

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Future Opportunities for Utility Energy Sales

By R. R. Cahal, Jr.,* *Marketing Consultant, Management Consulting Division, Ebasco Services Incorporated, New York City*

A promising picture of profitable growth opportunities for total gas and electric services emerges from Mr. Cahal's intensive analysis of consumer, commercial, industrial and miscellaneous categories of future sales. Short-run prospects, however, are found to be affected by the slowed industrial pace which for electric sales may mean a slower annual percentage increase in 1961 than in the past dozen years or so. Nevertheless, the forecast of 713 billion kilowatt hours is two- and-one-fourth times larger than sales in 1951. The 96.9 billion therms of gas predicted for next year similarly reveals a slowed annual percentage increase but this figure is twice the sales of ten years ago. The need for selling effort is made clear in positing less built-in growth for future utility sales with, however, realizable potential greater than ever before.

Analyzing utility sales trends is an old and traditional art. And, to many nonutility people it looks very simple. There are reasons why it does. The utility industry is about the only one that can reduce all kinds sales to one single common denominator: either kilowatt-hours or therms. Utilities probably have the greatest wealth of measured sales data of any major industry. And it is one of the few industries that for so many years has had only to answer the question, "How much will sales increase?" not "Will they increase?"

R. R. Cahal, Jr.

The simplicity is deceiving, however, because each kilowatt-hour of electricity or cubic feet of gas sold ultimately depends on something happening in the market—on some individual or business or institution deciding to buy, rent, or use a device which uses electric or gas service. It is in these complex market and buying factors we must find the basic sales trends. This discussion will concern itself with the principal utility sales trends and with the major forces which will shape utility sales in the coming years.

Residential Sales

In 1959, residential sales accounted for 41% of total electric utility revenues and 57% of total gas utility revenues. From this standpoint, it is the largest market, and in the last ten years it has been the fastest growing one. Growth rates for residential sales—both electricity and gas—have been persistent and consistent. Residential electric sales are expected to reach 207 billion kilowatt hours in 1961—over 2½ times the kilowatt-hours sold in 1951. Gas sales are forecast to reach about 34 billion therms—slightly more than twice what they were ten years ago.

These satisfying trends are, of course, a result of two basic forces: more households as customers and more use of electric and gas service by each of these customers. In 1961, the average residential electric customer will use 4,065 kilowatt-hours and the average residential gas customer will use 1,095 therms.

The annual percentage increase in average electric use has declined in the last several years, but it has shown signs of stabilizing at about 6.5%. This is not enough for a doubling-every-ten-years rate, but if it continues, average use per customer will reach 7,000 kilowatt-hours by 1970, and this has become sort of a goal for the industry.

Can the industry maintain this pace and reach this goal? It is quite possible. In fact, it is probable. But it isn't guaranteed. Basically sales growth does depend on more people and more use, but, of course, sales just don't happen that simply. Someone—somewhere, somehow—has to plug in or switch on an appliance. And here we get to the heart of the matter.

When the compositions of average electric use ten years ago and last year are compared, it can be seen that three basic loads—ranges, refrigerators, and water heaters—increased their contribution to average use between 1950 and 1960. But that contribution did not keep pace with average use itself, and consequently their *share* of average consumption has diminished slightly.

Significant Change

The most significant change in the composition of average consumption between 1950 and 1960 is the emergence of heating and cooling as a major load. In 1950, comfort conditioning, as we might call it, accounted for about 2% of average use; it is estimated to be about 11% in 1960.

Television also grew in importance—from about 3% in 1950 to about 8% of total average use in 1960.

As for 1970, the industry's "goal" of 7,000 kilowatt hours can be reached, *if* the basic major appliances continue to increase in saturation and if "comfort conditioning electrically" lives up to the promise shown in the last few years. Studies indicate that when 7,000 kwh a year is reached, heating and cooling loads will likely account for more than 20% of it. The composition of 1970 is based on these assumptions:

(1) A 50% saturation of combination refrigerators and a 30% saturation of freezers.

(2) A 50% saturation of electric ranges, compared to 33% right now.

(3) A 25% saturation of water heaters, compared to about 20% today. This is a modest expectation and any significant improvement here will pay real dividends in kilowatt-hour sales.

(4) A 7½% saturation of electrically heated homes, compared to 1½% today.

(5) Twenty-five room air conditioners in every 100 dwelling units compared to less than 15 today.

(6) A 5% saturation of centrally air-conditioned homes, compared to one-plus per cent this year.

These are not firm predictions of what saturation will be in 1970, but merely an approximation of what it will take to make a 7,000 kwh year. It may happen before 1970. Much depends on market factors and consumer acceptance in the intervening years.

Here's the current saturation situation. Actually we will discuss *ownership* figures. Saturation figures are somewhat higher because of a number of renters having appliances furnished, but in most cases the differences in proportions of households owning an appliance and having it in the house are small.

About 29% of the nation's households own electric ranges. Per cent ownership is fairly well balanced among the regions, the highest percentage being in the West.

Sixteen per cent of the households own electric water heaters (saturation is 21%) — the West outdistancing other regions of the country.

About 11% of the households own an electric clothes dryer. The North Central and the West are virtually the same.

Dishwashers are owned by 3.6%. There is little difference among regions.

Ownership of food freezers is 19%. The South and North Central regions lead in per cent of households owning.

The percentage of the nation's households having at least one air conditioning unit stands at 8%, and the South is way ahead.

Gas Trends

Before discussing the factors which will help or hamper saturation growth in the future, let us take a look at gas trends, because the future of both electric and gas sales inevitably will depend upon the development of the same market.

When the composition of residential gas use 10 years ago is compared with today, it is quite clear how gas for heating dominates residential consumption. This importance has increased in the last 10 years, and it will continue to do so in the next 10 years. Expectations for 1970 can be expressed in this manner:

(1) Almost two-thirds of the nation's homes will be heated with gas, compared to about half today.

(2) Some weight is given to gas air conditioning being able to capture a small share of the central air conditioning market by 1970.

(3) Gas cooking's total share of the market will decline slightly, but about the same percentage of gas customers will cook with gas.

(4) Gas will improve its over-all position in water heating, especially among gas heating customers.

(5) Gas will benefit from increased saturation of gas clothes

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COWLES ANDRUS

President, New Jersey Bank and Trust Company Passaic, N. J.

The year immediately following a Presidential election, especially when a change in Administration has resulted, is fraught with abnormal uncertainty. Not that any year runs smoothly as projected by those brash enough to predict its course, but in a post election year there is more uncertainty as to what Federal policy will be. Since Federal policy determines which lines of the government's vast spending power will be emphasized and which will be toned down; and since Federal policy determines the degree to which the Federal Government chooses to exert its great potential powers through monetary and credit controls, it is to be expected that hesitancy will prevail for some time throughout the economy.

Cowles Andrus

Our thought is that the incoming administration senses there was no clear mandate in November to change radically the effort that has been made for the past several years to preserve the value of the dollar. We believe this fundamental requirement is sufficiently in the minds of the American people as to preclude an unrestrained flow of Federal funds for unwarranted uses. Such modest curbing of Federal spending will not stimulate the economy in itself, but it could augur a soundness of Federal policy which would encourage private industry to move forward more positively and constructively than it will until it gets this assurance.

That prospect of continued conservatism in Federal thinking, plus a slowly dawning appreciation by workers in all classes (management officials, foremen, labor) that we cannot continue competitive in world markets and so enjoy the volume of production and employment that are dependent upon a healthy export trade if we are forever to follow a wage and price spiral upward. The growing recognition of the bad aspects of our unfavorable balance of world trade is a sobering element.

We make no prediction but we sense a cautious approach to the new year. Our estimate is that we shall be encouraged to move increasingly boldly as the year progresses, recognizing the fundamental soundness of our economy.

C. J. BACKSTRAND

President, Armstrong Cork Company

The year just ended saw the American economy establish new records in terms of gross national product and national income. Rather than generating a sense of satisfaction, however, the performance of our economy during 1960 has given rise in many quarters to genuine disappointment and to nagging doubts about near-term, as well as longer-range, business prospects.

C. J. Backstrand

While evidences of weakening in key business areas are abundantly clear, and statistical indicators point to further softness during the early part of this year, there is no more justification today for the conclusion that our economy has stagnated than there was for the recently-held view that the sixties automatically would soar and bring unprecedented and uninterrupted prosperity. Indeed, one of the major causes of the current business slowdown has been a curtailment of consumer spending, particularly for durable goods, directly reflecting the extent to which campaign charges that our country was becoming a second-rate power had undermined the confidence of many Americans.

As general business begins to move forward again about mid-1961 on the strength of a reversal of adverse inventory trends, the consumer confidence curve should begin to rise and, with it, consumer spending.

A further force lifting the economy in the second half of 1961 will be somewhat greater construction activity. Home building, which declined by about 20% in 1960, is expected to climb a modest 5% as a rising reservoir of mortgage money available at lower rates begins to exert its influence. However, the recent downward shift in interest rates is not likely to produce the same stimulating effects as characterized the postwar housing booms. In the first place, the demand for new single-family homes is still being hampered by the low birth rates of the thirties. Moreover, hundreds of thousands of families who would like to purchase a new home are locked into their existing houses by the absence of an adequate trade-in mechanism. Finally, the supply of dwelling units for sale and for rent is at the highest level since before World War II.

Sluggishness in the used home market has caused many families to shelve their plans to buy a new home and instead, to remodel or add on to their present houses. As a result of this process, as well as of greater consumer spending generally, outlays for home repair and modernization may rise by 5% or more in 1961.

Non-residential building activity should show very little overall change in 1961 from last year's volume. Slightly lower levels of industrial and commercial construction are likely to be offset by modest increases in the building of schools, hospitals, roads, scientific, social, recreational and religious structures.

The markets for packaging materials are expected to continue to expand in 1961, with the rate of improvement beginning to accelerate in the latter part of the year. The better than average growth performance of the packaging industry has been traceable almost entirely to the development of new and improved products which, on the one hand, have enhanced product convenience and attractiveness or, on the other, the efficiency of the movement of the product from plant to ultimate user. In 1961 plastic bottles and flexible cushioning materials will spark continued progress in both consumer and industrial packaging.

On the industrial front, further production declines are in prospect during the first quarter of 1961. Although recovery during the remainder of the year is anticipated, it is not likely to be vigorous enough to lift the annual output total above 1960's level. The market for unique industrial products should expand at a somewhat faster pace, however. First, as inventory accumulation supplants liquidation, this has the effect of quickening the buying cycle. Secondly, unique products that lend more efficiency to the processes of the user and enhance the quality of the finished product are in ever-increasing demand.

In summary, general business will begin to level out by spring or early summer, followed by a gradually rising trend through the end of the year. The economic outlook, thus, does not call for sweeping programs that, at best, would produce false, temporary growth through over-stimulation at the cost of the internal and external stability of the American dollar. Nor does the outlook suggest that business can breathe more easily in the assurance that the soaring sixties will get back on the track in 1961. While our nation can achieve unprecedented growth and prosperity during this decade, it will not be accomplished by government largesse nor by "business as usual" complacency—business institutions cannot get by in the next ten years with the products, processes, policies, and programs that sufficed during the fifties.

S. CLARK BEISE

President, Bank of America, San Francisco, Calif.

A year ago we entered the Decade of the Sixties with high expectations. Some of these expectations were not realized, yet when the books are closed on 1960, we will look back on it as the best business year on record.

We are going to have a good year in 1961. Our overall activity is going to lack zest during the early months of the year but we expect it to pick-up during the second half of 1961.

S. Clark Beise

This year's record and the realistic appraisal of 1961 should serve to remind us that the American economy, in the sum total of its productive activity, has proved itself to be a virile and progressive demonstration of the soundness of our free enterprise system.

It is capable of negotiating pulsating periods of activity without spinning off violently in either direction, up or down. This was demonstrated during the third quarter of last year when lower production totals caused general concern. Yet when we total up the figures at the end of the fourth quarter, we find this to be the best year we have ever had.

There is an inherent vigor and resiliency in our American economy and we should never permit our thinking to deviate from this basic fact.

As a case in point, during recent months the slowdown in additions to inventory has been a negative factor, reflecting a lack of zip in final demand. Decreases in inventory are expected to be a depressant on our economy during the next few months. However, a slackening in the downward pace of inventories is being counted on as one of the most influential factors in building up our economy during the latter half of this year.

One part of the current inventory adjustment which might have lingering repercussions is a part which represents technological progress.

Our merchants and manufacturers have become adept at carrying their inventory. Through the use of electronic record keeping methods they are able to maintain more realistic and economic inventory levels. While we may never achieve the delicate balance of having on hand just what we need, we are learning better ways of attaining that goal.

The need to adjust to technological change will be with us as long as we have progress.

Looking at several specific areas in the year ahead, we can expect an increase in spending by the state and local governments for roads, schools and other community projects as the needs of our growing population are met.

At the national level, we will see a rise in defense and other Federal spending projects.

We do face problems in 1961 which call for sound business and government leadership in their solution.

One of our major tasks is to correct the recent balance of payments difficulty thereby maintaining international confidence in the dollar. This will be difficult because we must make this correction while permitting no undue letdown in our foreign commitments. A major step in this direction would be to increase the mobility and competitiveness of the American economy, gearing its high productivity more directly to the satisfaction of the long range goals of our people.

During the past year, particularly, we have felt the impact of goods coming into this country from overseas. The quality of these goods and the competitive level of their promotion in American markets is much higher than it used to be.

I think, however, that we will see the United States economy react to this competition in a more aggressive fashion as the decade progresses.

Summing up the view of the year ahead, we should look forward to some lethargy during the first part of 1961. The unemployment level will rise during the early months as seasonal factors take hold but resulting personal distress will be mitigated by unemployment compensation benefits.

A notable upswing in our total activity can be expected during the latter part of the year and 12 months from now we should find ourselves very close to the 1960 record.

JOHN O. BEATTIE

President, The Polycast Corporation

New design and engineering techniques in a widening variety of fields will result in a substantial boost in sales of acrylic and other types of cast plastic sheets in 1961.

The casting industry has come a long way since 1935 when acrylic sheets were first offered commercially and then only to the aircraft industry for canopies and side windows of aircraft.

Actually, acrylic sheet was discovered at the beginning of the century when the search for a proper safety glass laminate led researchers to cast acrylic monomer between two panes. They came up with a hard, optically-clear product resembling glass itself.

Today, various mixtures of acrylic monomers and of certain pre-polymers are used to make cast sheets for various applications. But acrylic sheets remain the big item in the casting field. The real boom in use of acrylic started after World War II when it was found to be ideal for back-lighted indoor and outdoor signs, and as light diffusing panels in illumination schemes. It was responsible for the sign industry's big swing away from neon tube types, because designers were able to produce brightly colored displays as beautiful in daylight as when illuminated at night.

Both architects and illumination engineers are now designing ceiling panels of cast sheets, so popular in office and industrial design, into homes. Used in both ceiling and side lighting, cast plastic sheet provides unusual lighting effects without illumination loss.

The big boom in the year ahead will be the use of acrylic for glazing and skydomes in schools and industrial plants. Expanded use will be made of acrylic sheets for ceiling and side louvres to admit daylight into homes, for patio roofing and for such other things as winter enclosures for outdoor swimming pools.

Sales remain strong in the older markets such as boat windshields, drafting instruments, industrial machine safety guards, to name a few.

The cast sheet industry's next big market will come in the structural field, with colored sheets of acrylic for both indoor and outdoor paneling. Experiments have already shown this feasible for homes as well as for industrial and business buildings. In the industrial field, architects have gone so far as to use backlighting for night display—an effective means of identifying the plant of a growing and sales-minded company.

Only the ingenuity of designers and engineers limits the applications of past plastic sheets, so from the casting side of the industry it appears that the potential markets for sheet is still virtually untapped.

ROBERT S. BELL

President, Packard Bell Electronics

Despite the general recession of recent months, the first year of the "Scientific Sixties" fulfilled the hopes held for it by the electronics industry. A new all-time high in factory sales was reached by the industry for the tenth consecutive year, a record unparalleled in the history of American industry.

Robert S. Bell

Even if the current "cyclical pause" continues throughout 1961, which is not expected by most economists, the industry should continue to grow as it has in the past. It has been estimated by the Electronic Industries Association that electronic sales will rise from $9.75 billion in 1960 to $10.1 billion in 1961, an increase of 6%.

Although the defense budget is expected to rise but $1 billion in 1961, the portion of the total budget going into electronics is expected to rise 9%, from $5.75 billion to $6.3 billion. Electronic sales will be strongly supported also by the steady expansion of the industrial electronics market. Sales in this market rose 9% in 1960, from $1.6 to $1.75 billion. It is estimated that volume will reach $1.9 billion in 1961, an increase of 8%. A major market in this field is computers for process control and production scheduling, and computers for air traffic control. Computers for business processes will account for about half of the total volume.

In the consumer electronics field an increase in unit television sales from 5 to 10% is anticipated, bringing total units to from 6 to 6.2 billion as compared with 5.7 billion in 1960. Dollar volume should increase at a

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Future Opportunities for Utility Energy Sales

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dryers, and some acceptance of the refrigerator and incinerator.

About 63% of the nation's households have a gas range in their home, but only 51% of the nation's households *own* a gas range. Per cent ownership is higher in the South and North Central.

Saturation of gas water heaters is 50%, but only 35% of the nation's households *own* a gas water heater. The North Central region leads in per cent ownership of this appliance.

Ownership of gas refrigerators is about 3.5%.

Ownership of gas clothes dryers is 5%. Saturation in the North Central region is more than twice that of any other section.

Sales growth for both services will depend largely on heating and cooling loads.

Gas now heats more dwelling units than all other fuels combined. Electricity is just beginning to make a mark on the national heating market.

It would seem that the trends of the past few years will continue in the same general direction for the next several years. Gas, electricity, and oil will increase their shares of the total house heating market, while solid fuels dwindle to near nothing. In the meantime, of course, the "big three" will continue to make inroads on each other, as they have in the past.

Shape of Tomorrow's Market

When the future of appliances, heating and air conditioning is appraised, decisive factors emerge:

(1) The size of the market.
(2) The quality of the market.
(3) Competitive position.
(4) Selling effort.

There can be little doubt that the growing population will expand the size of the market. By 1970 probably 31 million people will be added net to the population. This will net another 10 million households, and during the next 10 years more than 15,000,000 new houses are expected.

The quality of the market foreseen for the Sixties is also promising, and these trends have been well documented, too: higher incomes, better education; and more leisure time. These should mean a better market for appliances, heating, and air conditioning.

A definite rise has taken place in the last 13 years in per capita disposable income and it is expected to continue that rise in the future. In 1947 only 27% of the nation's families had incomes over $6,000—expressed in 1959 dollars. By 1959 this proportion had risen to 42%.

These higher incomes have real impact on the market's ability to "absorb" appliances. For example, according to *Life* magazine's Study of Consumer Expenditures of a few years ago, households with incomes of $7,000 or more spent 63% more than the average household on appliances, 21% more than the average on radios, phonographs and television, and 38% more on home heating and utilities. The college-educated household spent 44% more than the average on appliances, 21% more on radios, phonographs and television, and 24% more on home heating and utilities.

One other factor which will influence the growth of residential electric and gas sales in the coming year is competition. Someone has described the current phase of our economy as "competitive prosperity." The term is also quite descriptive of the residential utility sales picture in the coming years. There is so much opportunity and room for growth that both electric and gas sales are bound to prosper, if they are properly promoted. But competition will become increasingly severe between the two.

Commercial Sales

In 1959, commercial sales accounted for about 25% of total electric utility revenues, and 12½% of total gas utility revenues. Over the past 10 years, sales to commercial customers have grown substantially, but they have not grown quite as rapidly as residential.

In 1961 about 125 billion kilowatt hours will be sold in this market, about 2.2 times the sales volume of 1951, and next year commercial gas sales are forecast to be about 9.6 billion therms, or 2.1 times the amount sold 10 years ago.

The increase in number of commercial electric customers has not kept pace with the increase in number of residential customers, and the ratio of commercial customers to residential has declined from 14.6% in 1950 to about 12.8% last year. This probably is due to the trend toward larger establishments which means that fewer businesses can serve the same population. This trend, however, has had little apparent effect on the growth rate of commercial gas customers. They have grown as fast, if not faster, than residential. For practical purposes, the ratio of commercial to residential has remained virtually constant at about 8%.

Average use per commercial customer has grown steadily through the years. During 1961, average electric use per commercial customer is forecast to reach 19,208 kilowatt hours, and that average gas use will reach 3,830 therms.

What market factors will determine the trend of commercial sales in the years ahead? One point of strength will be a continued increase in commercial "population" to serve the growing national population.

In spite of continual increases in the volume of commercial and institutional construction of all kinds, it is evident that the country's needs have not been fully satisfied. Moreover, slum clearance, urban redevelopment, suburban growth and other changes in the face of America create a much greater market opportunity than numerical growth might suggest.

In 1960, more money has been invested in building offices, stores restaurants, and churches than ever before. Educational building is on a high plateau, and we can look forward to expanded building by colleges and universities in the coming years. Hospital building is at a new high. Incidentally, the recent resurgence of hospital building, is traceable almost altogether to a boom in private hospitals—or at least hospitals not built by government agencies.

Modernization and Improvement

A second market factor which offers potential for growth is the drive for modern commercial and institutional establishments, not only by designing new buildings to exacting standards but also through the modernization of existing structures. This is not a new trend. Many areas have experienced it and benefited from it But in spite of the fact that so much has been accomplished, much remains to be done.

Probably the greatest single force affecting electric and gas sales is comfort conditioning There are very few office buildings, stores, or restaurants going up today that aren't air conditioned.

The same drive for comfort, which is being sought through controlled temperatures, creates new demand for higher levels and better engineering of lighting. The commercial lighting market is difficult to measure with precision, but a comparison of lighting levels in new stores and offices with those in establishments just a few years old indicates the progress that has been made and the potential that still exists.

The food service field promises to be one of the most interesting markets in the coming years. It is not only a very important market for electric and gas service, but it is undergoing some fundamental changes in concepts and practices. Over 40,000 ranges were sold last year, more units than any other piece of equipment. Then came griddles and fry kettles.

Electric models outsold their competition only in the case of fry kettles. In other types of equipment, gas and other fuels far outsold the electric.

We are not sure how long this kind of profile will last. Some manufacturers believe it won't be long until the commercial range is supplanted completely by equipment tailored to do a special kind of job. Pre-prepared foods are also causing a new look at conventional cooking equipment. For example, some types of food service establishments have found that the use of frozen prepared foods, packed in individual servings, provides better quality and cost control. This trend will likely create the need for new equipment or increase the use of specialized equipment. Electronic ovens, for example, have found their most useful role in bringing frozen dishes up to serving temperatures.

Mass Retailing

Vending machines will also have an increased effect on the

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greater rate because of the continued growth in sales of high priced television-stereo combinations and color sets.

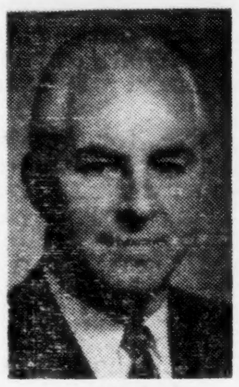
Stereo high fidelity consoles, which showed a slight increase in 1960, reaching 650,000 units, probably will remain at about the current level. The stereo market is directly affected by the rise in combination stereo-television sales which are tabulated as television sales.

Radio volume may reach 12 billion units in 1961, as compared with 11 billion units in 1960. Both of these figures exclude the high percentage of Japanese imports sold in the American market. Several factors will contribute to this rise in radio sales: consumer acceptance of transistor portables; decline in the average price of radios from $21.23 to $19.97, wholesale, in 1960; and the growth of the FM radio market.

LEE S. BICKMORE

President, National Biscuit Company

We believe 1961 will be a good year for the food industry, one which will see the industry continue the pattern of steady growth which it has maintained for better than a decade. Consumer spending will be higher this year and total industry sales should run well ahead of the figures for 1960.


Lee S. Bickmore

While the food industry will continue to expand, competition within the industry will become increasingly intense. Although consumers are broadening their food purchases they are growing more discriminating in the selection of the products they buy. They seek a wider selection of foods and they demand better and better values in both the quality and quantity of these products. The year 1961 will be successful for those companies who best anticipate and satisfy these demands, and something less than that for those who are unable to do so. Consumer discrimination and industry competition will accelerate selling and marketing programs throughout the food field. Manufacturers and processors will increase their advertising and promotion expenditures on behalf of their two chief product categories: the established brands which are the mainstays of current sales volume, and the new and improved products which research has produced to bid for future prominence.

Research and development of new products and packaging will receive more attention and more dollars in our industry in 1961. These expenditures are a hedge on the future, made with the knowledge that present investments in research may not pay off for a number of years. We have learned that this is often a long and painstaking process: the new products and innovations of 1961 will, in most cases, have been begun in our laboratories two, three, even five years ago. But we know that a continuous program of investigation into new products, new forms of packaging, and new methods and techniques must be maintained if the food industry is to grow and prosper.

The new year will also see a continuation of the capital spending which the industry must make to keep pace with the world-wide, dynamic population growth. These investments in new plants and equipment, both in this country and abroad, will be made chiefly to expand present production capacities. They represent a planned effort on the part of the food industry to provide for the steadily increasing demands for its products which underscore a promising future.

SUMNER BLOSSOM

Vice Chairman of the Board,
The Crowell-Collier Publishing Company

With education becoming one of the nation's fastest growing industries, many companies, like Crowell-Collier, which supply textbooks, reference books and other tools of education, are experiencing rapid growth and high levels of business activity.


Sumner Blossom

Steadily expanding school and college enrollments and increasing national emphasis on education lead us to believe that the growth will continue at an accelerated rate over the next few years. Increased leisure time and the do-it-yourself movement also should contribute to this end. Mergers and acquisitions, the most significant feature of the 1960 publishing year, probably will continue a factor in the reasonably near future, with more companies seeking to round out lines of products and services.

In 1960, Crowell-Collier acquired a substantial position in the $300 million-a-year textbook market through its acquisition of The Macmillan Company, one of the oldest, largest and most distinguished book publishers. A majority of Macmillan's sales are in the college, high school and elementary school textbook markets. We are hopeful that Macmillan textbook sales can be expanded on all educational levels.

Crowell-Collier is well-established in the reference book field, a market almost as large as that for textbooks. Sales of our Collier's Encyclopedia increased again last year and we look for further gains in 1961. We are also optimistic about the outlook for the Harvard Classics, which remain among the great reference libraries of the world.

The year 1960 was also one of growth for Crowell-Collier's broadcasting division. For the first time, we had three stations in operation for a full 12-month period. These stations—KFWB in Los Angeles, KEWB in San Francisco-Oakland and KDWB in Minneapolis-St. Paul—are well-established outlets in their respective areas with growing listening audiences. Crowell-Collier has signed contracts for the purchase of WMGM, New York, and WGMS, Washington, D. C., and we hope to receive Federal Communications Commission approval for these transactions in 1961. While no negotiations are now in progress, we hope eventually to operate the legal maximum of seven stations.

Crowell-Collier will not necessarily confine its activities to book publishing and broadcasting. A great deal of research is now taking place to find new and more effective ways to transmit information from teacher to student. Among the most interesting developments are teaching machines and audio-visual programs designed to speed the learning processes. We are actively investigating all technological developments in educational communications, feeling strongly that the future in this area offers exciting possibilities.

It is our belief that through constructive imagination, we can improve product quality and sales volume in each of our companies. We are optimistic about 1961 and, for the long term, are confident that we can make substantial contributions of lasting significance in the field of education.

ROBERT L. BRADDOCK

President, General Reinsurance Corporation

Prospects for the American reinsurance market in 1961 must of necessity reflect certain trends which became apparent during 1960. The largest problem facing the professional reinsurance market in 1960 was a severe reversal of experience in the contract surety field. It would be reassuring to think that the worst has passed — yet a realistic appraisal cannot lead to this conclusion. Reinsurance of this line has been traditionally on a share basis. Therefore, reinsurance experience cannot improve until the quality of the underwriting result of the primary company turns for the better. By its nature, contract improvement will not become apparent for one to two years after corrective action has been taken. Therefore, 1961 will be a continuation of the bad experience of 1960 and the earliest hope for real relief will be some time during 1962.


Robert L. Braddock

In the field of fire reinsurance, which includes windstorm and other allied lines, the occurrence of Donna will have a material effect on results in 1960 and whether or not this will be better in 1961 will depend entirely on whether there are one or more similar occurrences or if the industry will be as lucky as they have been since the last previous hurricane in 1954. There had been some general improvement noted in the share fire reinsurance lines and traditionally, after a hurricane, rating of all underwriters for windstorm covers has a tendency to harden. In the absence of a major hurricane, opportunities for profit in these lines should be better than they were in 1960.

Both primary companies and reinsurers have shown a better result in the automobile liability field in 1960 than in the immediately preceding years and this trend should continue into 1961. Many new rating plans and techniques have been introduced by rating organizations, bureaus and by individual companies. The result has been more intensive competition than has existed in the business since the 1930s. However, most of the new plans submitted have basically contained a sounder underwriting approach than existed prior to their introduction. There is greater recognition of use of the automobile and the moving violation record of the driver. This should result in more realistic rating for it has always been the case in the past that the bad driver has never been rated as high as he should be and the good driver has never been rated as low as he should. The problem of the assigned risk could probably be solved by the insurance industry if political considerations could be disregarded. Since that is unrealistic, it is difficult to see how any complete solution can be attained. Certain improvements will almost certainly be forced as time goes along.

The most difficult reinsurance problem in the casualty field has been and remains Workmen's Compensation. In this line the viciousness of inflation exercises maximum leverage on all claim portfolios, but particularly on those of a reinsurer. Since 1950 there has been a 4% average annual inflation in medical and hospital costs. The impact of that fact can be appreciated when it is realized that the reinsurer agrees to deliver an indeterminate number of dollars at an indeterminate future date for a fixed cost. There is no other commodity or service sold elsewhere in the business community where there is any such wide-open agreement. There have been universally bad results on the part of compensation reinsurers for many years and it is difficult to see how there can be much improvement.

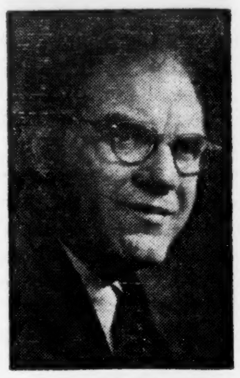
The growth of accident, sickness and major medical insurance has progressed very rapidly and on a profitable basis. True, there are problems of capacity inherent in potential multiple exposures to one event. However, the problem is being and will be met. The lines are being marketed effectively on a mass basis.

Many professional reinsurers in 1960 will have been found to have been in a break-even or a loss position. On balance, the outlook for 1961 appears to be better for the industry as a whole.

ROGER M. BLOUGH

Chairman, U. S. Steel Corporation

Optimism and pessimism, like business activity, seem to run in cycles. It is particularly noticeable in an industry such as steel, where the production is not only dependent on the activity in the industries that use steel, but where in any particular year the tonnages are so greatly influenced by the size of the customers' inventories.


Roger M. Blough

In 1960 the steel industry produced just under 100,000,000 tons of ingots. Overall figures of 1960 performance, however, conceal a strangely disparate pattern for the year. In the first half, output was about 61 million tons, while in the second half the production was about 39 million tons.

The explanation lies largely in the decisions of customers on inventories, although in some consuming industries the decline in purchases in the second half was affected by somewhat lower overall economic activity. Total steel produced was also affected by imported steel which in 1960 was the equivalent of approximately five million tons of ingots.

Actual consumption of steel in 1960 fell only 3% below the all-time record year of 1955, according to our estimates. Thus, most steel buyers actually used more steel than they purchased, which, of course, means that some of what they consumed came from their own inventories. Inventories are now, however, estimated to be about as low as they can be expected to go.

Prospects ahead, therefore, for the steel industry appear better than they have been for some time. Even should the present lull in business activity continue for the next few months, spring should bring normal seasonal gains in steel use in construction, agriculture, canning and railroad work. This, plus the end of inventory liquidation, indicates some increase in steel output.

When the nation once again experiences a resurgence in total economic activity—and this could happen not too many months away—further gains in steel output would result.

In 1960 U. S. Steel continued to back its faith in our economic future by spending about $500 million for modernization and replacement of our facilities. Moreover, U. S. Steel continues to augment its efforts to develop new types of steels and new uses for steels, as well as newer, more economical ways of making this vital product. Some of these new products and methods show much promise. All of them help to meet competition from other materials and from imported steel. Serious as the unemployment is in the steel industry at present, it promises to improve in the new year, and the great emphasis on the search for new products and the greater marketing efforts are bound to help to provide and preserve jobs for steelworkers.

Challenged the steel industry may be, but the steel industry is also competitively challenging other materials as well as our foreign competition. For us, challenge in the future as in the past is the key to progress.

LYMAN B. BRAINERD

President, The Hartford Steam Boiler Inspection And Insurance Company

In 1950 boiler and machinery insurance produced $35,874,000 in earned premiums for the companies writing this line of Casualty insurance. In 1959, after showing steady growth during the intervening years, earned premiums reached $70,544,-000. This was a gain of 97%, and the fact that it exceeded by a considerable margin the 70% gain in Gross National Product during the same period would seem to imply that American Industry has been finding the engineering and insurance services of the boiler and machinery underwriters of increasing value to them.


Lyman B. Brainerd

Obviously, the extent to which boiler and machinery insurance is needed depends to a considerable extent on the rate at which industry operates. If, as some economists seem to expect, the early months of 1961 should find industry operating at something less than normal capacity, it might be supposed that this would reflect itself in a lessening of the demand for this form of insurance. However, few industries carry coverage with insurance limits completely up to their exposures, so some considerable lessening of activity could occur without warranting or causing a shrinkage of limits with the resultant drop off in premiums.

Our expectation is that 1961 will bring an even greater awareness by industry of its need for the accident prevention and underwriting facilities provided by the boiler and machinery insurance companies. More than at any time in the past, manufacturers of all sorts of goods, machinery and commodities are depending for income and profits on an uninterrupted flow of the power which turns their wheels. Moreover, there is an increasing trend toward concentrating high capacities in the single power units representing high investments, and toward straight-line, highly-automated production

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Future Opportunities for Utility Energy Sales

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market for cooking equipment. Technological advances have opened the way for them to accomplish the entire food service function in some kinds of establishments, such as employee cafeterias and public eating places featuring fast food service. The breakthrough has come in the ability of machines to handle a greater variety of food, and hot as well as cold. Perishability, especially in outdoor machines, has been reduced. Machines can actually perform some elementary food preparation, not just store already prepared foods. At Macy's on Herald Square there are vending machines which take $1 and $5 bills and give change. Right now they're selling clothing, but such a machine could sell packaged plate lunches, which might not be convenient with a machine that could only take coins.

According to E. B. Weiss, merchandising authority, "Mass retailing is in desperate need of mechanical and electronic merchandising concepts that will lessen its dependence on labor on the selling floor. The vending machine now holds some promise of cutting the retail payroll measurably as well as increasing volume." Obviously, the same principles hold true for mass food service.

Vending machines certainly have implications for both gas and electric equipment. For some time gas equipment has dominated the cooking equipment market, but almost without exception these new trends are changing the methods of food preparation and food handling in ways that seem to favor electrical appliances, at least at the present stage of product development.

Stiff competition exists in the commercial market, but both electric and gas sales have enormous potential. It is a challenging potential, because it is not one market really. It is a number of small and somewhat dissimilar markets. Each requires a different approach, geared to different motivations and different requirements. If the potentials of these markets are to be fully realized, these motivations and requirements are going to have to be isolated, analyzed, and harnessed for more effective sales. To date this has not been done—maybe a few companies have, but by-and-large the industry is not informed about the commercial market. This is not to say that commercial sales managers don't know what they're doing. But very little of that wealth of data, which is the pride of industry, applies to the commercial market. When more is known about the market, utilities will come closer to realizing its full potential for sales.

Industrial Sales

Last year industrial sales accounted for about 27% of electric utility operating revenues, and about 28% of total gas utility operating revenues. Over the past 10 years, both electric and gas industrial sales have grown rapidly — the industrial rate of growth has been slightly less than that experienced by residential.

Industrial electric sales are predicted to reach 341 billion kilowatt-hours in 1961 or about 2.2 times the sales volume of 1951. During this period the requirements of the Atomic Energy Commission grew considerably, and excluding this use, industrial kilowatt hours this year will be about 1.8 times what they were 10 years ago. It seems as if AEC requirements will be relatively stable in the future, and this growth element will not be present over the next 10 years.

Industrial gas sales are estimated at 48.8 billion therms this year, or approximately 1.9 times what they were 10 years ago. Both electric and gas sales in 1961 will be adversely affected by the mediocre economic climate.

Except for AEC use of electricity, the trends of the last 10 years should continue through most of the coming decade. The major impetus to industrial sales should come from a steady increase in the economy as a whole.

The Gross National Product, which is running just beyond the half-trillion dollar mark now, could well approach three-quarters of a trillion dollars by 1970. But beyond gross economic growth, other economic factors create even greater potential for the sale of kilowatt-hours and therms to industry.

The net result of these factors is that industrial gas and electric sales, expressed as a ratio to the FRB Index, have risen. The forces which have caused this increase are likely to be present in strength during 1961 and beyond. Because of the current cost-price squeeze management is seeking, and finding, greater flexibility and savings in costs in machines. Harassed by foreign competition, management has accelerated its search for efficiency, flexibility and control in the form of automation and mechanization.

Normal Excess Capacity

Another possibility which is being watched with considerable interest, is a new attitude toward excess capacity. Right now there is plenty of excess capacity in many industries. This has not been the "normal" situation; in the earlier postwar period most industries ran at near or full capacity. But the simple relationship of production to capacity may not be as important in the future, and it may well be that a reasonable amount of **reserve** capacity will become more normal for many industries. In other words, margins once considered "excess" may be considered "normal reserve."

What all of this means is an even greater reliance on modern production facilities and efficient energy sources to keep production operations profitable. Electric and gas service should play an increasingly important role in production, and manpower will decrease in importance. Electricity and gas used in industry have increased significantly in the last few years in relation to the manhours of production workers.

One indirect effect of this drive for efficient production is the trend toward air - conditioned manufacturing facilities. This market is wide open. So far, air-conditioning of factories is insignificant compared to commercial buildings. Claud Wampler of Carrier has stated that less than 3% of the nation's enclosed productive space is air-conditioned. Certainly, this load has one of the brightest futures of all utility loads. Perhaps the real breakthrough came when it was finally recognized that industrial air-conditioning was not just a prestige symbol or fringe benefit, but an essential element of productivity. Once only justified where the product or process required temperature or humidity control, air conditioning now proves its value directly in dollars and cents by increased productivity.

To sum up the future of industrial sales . . . the potential will ride the crest of economic growth, but the plus potential will be found in capitalizing on the new thinking and new needs of production management. Actually this is the tried and proven route of the 50s, and the introduction of startling new equipment or applicants should not materially change these trends in the foreseeable future.

Total Sales

When the three major sales classifications are added together —along with miscellaneous classes of sales, a promising picture for total electric and gas sales emerges. Total electric sales in 1961 are forecast to be about 713 billion kilowatt hours, which is about two - and - a - quarter times sales in 1951. The percentage increase, 1961 over 1960, is generally below the annual increases of the past dozen years or so, because of a small growth rate in industrial sales, due to the so-so economic climate. This pattern of a dip in the growth rate is evident in 1949, 1954, and 1958.

For gas sales we predict a

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Lehman Brothers Admit 3 Partners

Lehman Brothers, 1 William Street, New York City, members of the New York Stock Exchange, have announced that Marvin L. Levy, Arthur D. Schulte and Stephen M. DuBrul, Jr. have been admitted to the firm as general partners.

Mr. Levy, widely known in the financial community, has spent his entire business career with Lehman Brothers.

Mr. Schulte, long prominent in business affairs, served on the Board of Economic Warfare during World War II.

Mr. DuBrul, served with the Central Intelligence Agency prior to joining Lehman Brothers.

Joins Copley Staff

(Special to The Financial Chronicle)

DENVER, Colo.—Michael DeSalle has joined the staff of Copley & Co., 1600 Ogden. He was formerly with Amos C. Sudler & Co.

Amos Sudler Adds

(Special to The Financial Chronicle)

DENVER, Colo. — Edward M. Grady has been added to the staff of Amos C. Sudler & Co., 818 Seventeenth Street.

Continued from page 30

processes. Where such setups exist, the consequences of accidents to boilers, process vessels and power machinery are extremely costly in both property destruction and in plant shutdowns. Few managements choose to be without the dual protection afforded by inspections aimed at lessening the likelihood of accidents and by the guarantee of monetary indemnity the insurance policy provides for safeguarding corporate assets and profits. With this in mind, many are making use of insurance coverages which embody high deductible limits and broader accident definitions, in this way getting the benefits of inspections on the objects on which production depends and indemnity against losses larger than a specified amount which they feel can readily be absorbed.

Boiler and machinery insurance underwriting is now sufficiently flexible to permit tailoring coverages to fit closely the special needs of policyholders, large or small. Barring a down-turn in the economy, much more drastic than such estimates and predictions as we have yet seen, the sales opportunities in the coming year should be good for the companies writing this line of insurance.

HARLLEE BRANCH, JR.

President, The Southern Company

Despite a moderate slow-down in some segments of the national economy, 1960 was still a good year for industrial expansion in the four-state area of the Southeast served by the Alabama, Georgia, Gulf and Mississippi power companies, members of The Southern Company system.

Harllee Branch, Jr.

During the first nine months of 1960, 123 major new industrial plants were announced for construction in Southern's territory, representing an aggregate investment of nearly $38 million. While this outlay was somewhat below the record year 1959, nevertheless it attests continuing confidence by investors in the dynamic Southeast.

The average rate of industrial growth for the first nine months of 1960, of more than 13 new plants and more than $4 million of capital expenditures per month, is expected to continue at about the same rate in 1961. One of the most encouraging developments of 1960 was the expansion of production facilities in manufacturing establishments already established in the area.

The number of plant enlargements for the first nine months of 1960 exceeded 1959 by 103 to 99, and the amount of investment by $147.8 million to $86.5 million.

These plant expansions constitute an impressive witness to the favorable governmental and social climate which exists for industry in the Southeast; also the increasing ability of the people of the region to absorb the products of industry. In recent years the Southeast has become one of the nation's fastest growing markets.

As an illustration of the region's expanding purchasing power, Mississippi ranked first among all states of the union in the increase in per capita bank deposits between 1950 and 1960 with a gain of 55.6%; Alabama was third with 47.4%; Georgia ninth with 37.7%, and Florida 16th, with 31.4%.

In total increase in bank deposits, Florida was third, with 131.6%; Alabama and Georgia were tied for sixth with 56.3% and Mississippi was ninth with 54.6%. The increase for the nation as a whole was 41.7%.

These figures are taken from a report just released by the U. S. Department of Commerce.

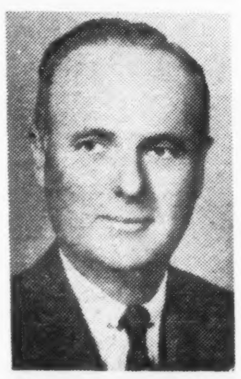
Use of electric power in Southern's territory in 1960 broke all previous records, and 1961 is expected to show an even higher consumption, probably a 9% rise. To meet the area's growing power requirements, the Southern system companies are engaged in the largest construction program in their history. Expenditures for new facilities in the three-year period 1961-63 will exceed $500 million, of which $173,000,000 is scheduled for the year 1961 alone.

H. PRENTICE BROWNING

President, American Fletcher National Bank and Trust Company, Indianapolis, Ind.

Banking in 1961 shares the challenge of most American business and industry to sustain its profits primarily through more efficient operations.

We cannot look forward to further favorable effects upon bank earnings experienced in the past several years from higher interest rates on our loan and investment portfolios. Of course, the industry will enjoy the residual effects of investments made at higher rates in mortgage loans and intermediate term bonds, but on short-term commercial borrowing and investments, rates are likely to compare unfavorably for most of 1961 to those which prevailed in 1960. It is conceivable that further reductions in commercial borrowing rates would be posted by the second quarter of the year. The monetary authorities will, of course, be faced with the dilemma of sustaining short-term rates on Government instruments in order to stem the outflow of gold from this country while employing the orthodox monetary tools available to foster relatively easier borrowing conditions for business. An indication has been given that these operations will be carried over into the intermediate-term range in order not to place undue pressure on short-term rates.



H. Prentice Browning

Penetration by banks in the total instalment credit market will probably continue its past growth and banks may well concentrate on this as a means of sustaining loan volume and income.

The demand for mortgage funds should be steady to moderately rising from its current slowness with rates stabilizing at somewhat lower levels than in the first half of 1960.

If the habits of corporate treasurers have not become too ingrained, we may anticipate that increased corporate liquidity will revert partially to bank deposits, as bills and other paper seem less attractive for such funds. This may give some support to bank income.

Under present conditions a bank's alertness, ingenuity and aggressiveness in developing and promoting new avenues of deposit and credit services will determine to a greater extent than before the trend of its growth and profit line.

In order to maintain profits at present levels, many banks will accelerate their program to stabilize costs through adoption of suitable "automation" devices and through close study of their staff productivity. Attention will increase to the matter of costs of normal bank services and to raising service fees therefor. It is possible that reductions in interest paid on passbook savings may go beyond the discussion stage.

In summary, bank dividend rates for 1961 do not seem to be in jeopardy, but modest variations, primarily on the downside, may be expected in net earnings.

HON. OVERTON BROOKS

Chairman, House Committee on Science and Astronautics U. S. Representative From Louisiana

The year 1961 is begininng—a new year that finds the world farther along on the road that will lead ultimately to the conquest of space.

It is a road that already has led to tremendous discoveries in the fields of science and technology. Businessmen, generally, feel that space research will have profound and revolutionary effects upon the nation's economic growth and will provide direct and indirect pay-offs for industry in terms of new technical knowledge and products. So the continued prosperity of our country is bound to depend in large part upon the ability of the business community to adjust to the developments of the revolutionary era in which we find ourselves today.

Hon. Overton Brooks

It is now estimated that the United States will pump anywhere from $30 billion to $50 billion into space exploration, both civilian and military, within the next 10 years. The budget for the National Aeronautics and Space Administration — the civilian space agency—alone calls for the expenditure of some $915 million during the next fiscal year, and the Federal expenditures for military research and development will continue at the present level of $5 billion a year. Under the new Administration, plans call for increasing the NASA expenditures to $2 billion a year.

This is a sizable package indeed to be thrust into the gears of the American economy, and the question is often asked, "Are such huge expenditures worthwhile?"

Although it is true that we cannot predict the full returns to mankind that will come from intensive space exploration, we can readily perceive very substantial rewards from our present program. We should consider these expenditures as a capital investment in a business from which will emerge profitable products in the future.

We Americans believe in private enterprise. But the field of space exploration is so vast, its ramifications so complex, that it is the government that must bear the initial cost in these pioneer days of space. In many respects, the situation today in regard to space programs is parallel to the system of subsidy that was necessary for the aircraft industry 30 years ago. Such subsidies made possible the creation of a new industry that not only provided us with the benefits of fast transport between any points on earth, but also created employment, new sources of tax revenue and new and challenging opportunities for businessmen.

At the moment, many of us perhaps do not realize that a similar situation exists with respect to space. But already, the pendulum is swinging toward the taking over by private enterprise of projects that were begun by the government.

The Martin Company, builders of airplanes for the past 48 years, announced in December they were leaving the business to devote its people and resources exclusively to missiles, electronics, nuclear energy and "the design of vehicles for the coming space age."

The American Telephone and Telegraph Company recently asked the government for authority to put up a space satellite as the first station in a proposed international communications system. The company stated they wished to accomplish this within a year. The first station, the company officials said, would provide experimental transmission of telephone calls, television, and other types of communication between the United States, the United Kingdom and continental Europe.

Henry T. Killingworth, A. T. & T. vice-president in charge of long distance service, said:

"We believe the commercial application of satellite communications is a job for private enterprise. This new project is still another indication of our readiness to take on that job and pay our own way."

Mr. Killingworth's statement reflects the general attitude of businessmen, many of whom testified before the House of Representatives Committee on Science and Astronautics which I serve as Chairman. I have been pleased at the tremendous interest they have shown in converting the discoveries in the various fields of space research into opportunities for private industry.

Their testimony before the Committee has shown they are steadily increasing their budgets for research and development in the conviction that in our free enterprise system, industry should spend more of its money on basic research and depend less upon the government.

Another example of benefits accruing from space age developments, a new role for railroads in the nation's defense efforts began last summer when trial runs were held leading to mobile missile-firing trains. These Air Force-railroad tests are designed, in time of war, to turn the industry's 220,000 miles of main line—the traditional main arteries of America's economic and productive strength—into a tactical first line of defense in the Missile Age. These maneuvers will point the way toward establishing elusive mobile launching pads capable of firing missiles of intercontinental range from almost any point in the country. And in an emergency, it is estimated that railroads could expend their traffic load by 30% to 50% over present levels.

Then, briefly, let us consider the benefits of space research in meteorology. At present, weather forecasts can be made with reasonable reliability only about 48 hours in advance. If we could extend our forecasts only a little, the monetary gain would be enormous. A representative of the American Petroleum Institute recently remarked that a knowledge of climate only a few percentage points more reliable than we now have might save oil companies $100 million a year, since they would know in advance where to ship their oil and could cut inventories elsewhere.

In one way or another, of course, almost every aspect of human activity is affected by the weather—affected in terms of actual costs of operation.

There are many more projects being carried on experimentally by our government space agencies at the present time from which we can expect additional pay-offs in the private economy. Whole new industries will result as our business community will be able to exploit these exciting opportunities for the benefit of all mankind.

JOHN M. BUDD

President, Great Northern Railway

Considering the very optimistic predictions for business generally at the beginning of 1960, results of Great Northern operations in the past year were disappointing. The railway experienced a declining physical volume of traffic since spring, and one important result of this condition was an increase in the unit cost of operation.

John M. Budd

Great Northern will have a lower net income than in 1959—a reflection of less traffic and the tough cost-price squeeze, although the impact of the latter condition was lessened by tight control of operating expenses.

We are both optimistic and apprehensive about the future of transportation. On the favorable side for 1961, we believe the railways in our region will have a modest increase in traffic volume. Also heartening is the fact that a Presidential Commission will begin in early January a long-delayed study toward revision of obsolete costly work rules of the entire railway industry. (Thomas A. Jerrow, Great Northern's operations Vice-President, is a railway member of the 15-man commission, appointed by President Eisenhower.)

In addition, the trend toward consolidations indicates the determination of railway managements to improve the efficiency, services and financial health of our industry—the basis for the proposed merger of Great Northern, Northern Pacific, the Burlington and the Spokane, Portland & Seattle railways. It is expected that the consolidation plan will be submitted to the Interstate Commerce Commission very early in 1961.

On the negative side, the lack of a modern, realistic national policy on transportation continues to needlessly cost this country millions of dollars every year. Those who think all is well in transportation are being deceived. The public is not getting its money's worth, and the ability of our total transport plant to meet a national emergency is being seriously endangered.

Great Northern begins 1961 operations with its physical plant and equipment in excellent condition, the result of the railway's continuing program of improving track, rolling stock, motive power and operating facilities. The company acquired approximately 1,100 new freight-carrying cars in 1960. This equipment included 750 box-cars and 350 units for special transport requirements. In addition, heavy repairs were made on 400 older freight cars.

Track improvements in 1960 included installation of approximately 78 miles of new, heavy rail, placing of 568,000 cubic yards of new ballast and a 260-mile extension of the railway's centralized traffic control mileage. Additional CTC mileage in 1960 was in Minnesota and Montana.

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Future Opportunities for Utility Energy Sales

Continued from page 31

volume of 96.9 billion therms in 1961, which is just about twice sales of 10 yearsa go. Again there may be a slowing down in the growth rate because of the slower industrial pace.

Regional Patterns

We have discussed sales trends largely from a national standpoint. It is obvious that each section and each company will have different market factors and different potentials for sales growth. These are exceedingly complex and cannot be judged on basic economic trends alone.

Comparing population growth with increases in total electric sales, it is evident that in a few cases population growth may have stimulated sales growth—in states such as Florida, New Mexico, Nevada, and Arizona, for example. Arkansas and Mississippi rank high in kilowatt - hour sales growth even though they had little or no population growth. Studies by Ebasco indicate that although population growth may help boost electric sales, growth in itself does not guarantee higher sales. And of course, lack of a population increase certainly does not prevent sales growth.

Not much can be concluded from comparing percentage increases in total gas sales by states with increases in population. Gas industry growth in the last decade has been distorted by the introduction of natural gas into new regions.

One measure of the change in standard of living is the increase in per capita income. Comparing changes in per capita income with average residential use of electric service indicate that some correlation might exist, but there are too many exceptions to conclude that a rise in standard-of-living, *per se*, results in increased use of electricity.

The greatest percentage increases in gas use per residential customer have occurred in areas which enjoyed the optimum combination of growth factors: introduction of natural gas or a material increase in the supply, relatively quick gains in saturation of heating customers, and enough degree days to make heating a big load. Apparently per capita income played little part in sales growth.

We conclude our appraisal of the future opportunities for utility sales by going back to the fourth factor for growth which pertains to each market segment.

The first is size of market.

The second is quality of market.

The third is competitive position.

And the fourth is selling effort.

We have described the trends as OPPORTUNITIES, and that is just what they are. It is apparent that there is less built-in growth in the future of utility sales than at any other time since World War II. But at the same time the realizable potential is greater than ever before. This puts the realizable squarely up to the fourth factor: selling effort.

Both industries are indicating a willingness and an ability to meet this challenge. To the extent that they are competitive, we expect that the effectiveness of one will cut into the results of the other. No doubt points will be made on each side. But, the potential provides room enough for both to grow.

There is reason to have confidence in the fourth factor. Market knowledge will be greater, advertising and selling tools will be sharper, and increased promotional effectiveness should ensure the continuation of profitable growth for utilities through the coming decade.

*Based on a talk by Mr. Cahal at Ebasco's 24th Annual Marketing Conference.

Form I. L. S. Planning

MASSAPEQUA, N. Y.—I. L. S. Planning Company is engaging in a securities business from offices at 21 West End Avenue. M. N. Stevens is a principal.

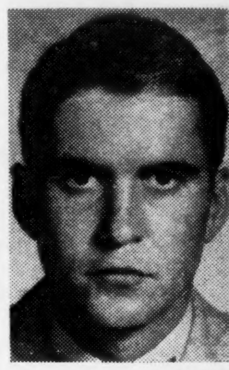
Now With Walston

(Special to The Financial Chronicle)

DENVER, Colo.—Robert W. Elmer is now with Walston & Co., Inc. Denver U. S. National Center. He was formerly with Harris, Upham & Co.

Howard, Weil, Labouisse, Admit

NEW ORLEANS, La.—On Feb. 1 Howard, Weil, Labouisse, Friedrichs and Co., 211 Carondelet St., members of the New York Stock Exchange, will admit Robert P. Howard and Joseph P. Minetree to partnership. Mr. Howard has been associated with the firm in the trading department. Mr. Minetree for many years was Manager of the bond and trading department of Steiner, Rouse & Co.'s New Orleans office.



Robert P. Howard

Joseph P. Minetree

Armstrong & Co. Opens in N. Y. C.

Armstrong & Co., Inc. has been formed with offices at 15 William Street, New York City, to act as underwriters and distributors of industrial issues. Officers are David Bruce Armstrong, President; Robert B. Edens, Vice-President. Mr. Armstrong will direct the activities of the firm's trading department, and Mr. Edens will be Syndicate Manager.

Mr. Armstrong was formerly with Reynolds & Co. Mr. Edens was associated with Marron, Edens, Sloss & Co., and George, O'Neill & Co.

Join Ladenburg, Thalmann & Co.

Ladenburg, Thalmann & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, have announced that Douglas Campbell has become associated with the firm as Manager of the Investment Research Department and Robert L. Richards as Assistant Manager.

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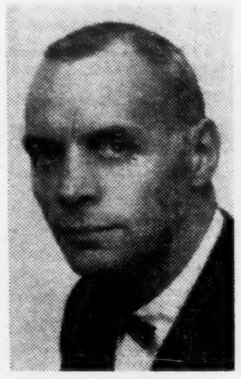
WILLIAM H. BURGESS

President, Electronic Specialty Co.

Electronic Specialty Co. anticipates a substantial increase in sales and profits in 1961 as a participant in the expanding defense industry. The threat of domination by International Communism will not diminish during 1961. Consequently, it will be necessary not only to maintain, but to increase defense expenditures to enable the United States to deal from a position of strength.


William H. Burgess

It is the objective of International Communism to acquire all property now owned by private citizens. In foreign countries this acquisition is accomplished under the guise of Nationalism. In the past this has precluded the use of U. S. Defense strength to prevent the loss of property owned by U. S. citizens, as such action would presumably be interference in the internal affairs of foreign governments.

Eventually, however, the U. S. Government will adopt a policy of using its defense strength to prevent the further loss to International Communism of property in foreign countries owned either by individuals or U. S. corporations. At such time it is likely that defense expenditures will further increase. Such increase may occur during 1961.

Each year during the past ten years Electronic Specialty Co. has averaged an increase in sales of 50%. In view of the prospects for the defense industry during 1961, it is anticipated that this rate of increase will continue.

HON. HARRY F. BYRD

U. S. Senator From Virginia
Chairman Senate Finance Committee

Our form of government in the United States combined with free enterprise has made this nation the greatest and most productive on earth. But our system is being menaced by three subverting trends which must be stopped. These trends are: (1) increasing Federal paternalism with fiscal deterioration; (2) increasing usurpation of power by the Warren Court; and (3) increasing arrogance of labor leaders in their influence over Federal authorities. Reserve these, and I have no doubt about our strength to meet any foreign challenge.


Hon. Harry F. Byrd

We have deficits and threats of continuing deficits; we have debt, and inflation; we have foreign trade balance trouble and dwindling gold reserves; there are communist gains in their race against the free world in the scientific, military, foreign relations and economic fields. These are serious weaknesses which must be reversed.

It may be of interest to look briefly at the 30-year record since 1930 for signs and areas of weakness; and it should be noted that in this period our population has increased about 45%; industrial production has increased 240%; and national income has increased 432%.

But in the same period the number of Federal agencies has increased 100%; Federal employees have increased 300%; Federal debt has increased 1,700%; Federal tax collections have increased 1,800%; and Federal expenditures have increased 2,300%.

Thirty years ago Federal programs for grants to States and localities could be counted on the fingers of one hand, including those for highways and land grant colleges. Federal expenditures through these programs at that time totaled about $100 million.

Now there are 64 listed Federal programs for grants to States and localities, and Federal expenditures through them are totaling $7.0 billion. And while Federal grants to States and localities have been increasing 6,900%, State and local debt has been increased $40 billion, or nearly 300%.

Through programs of grants to States and localities—and payments to individuals—Federal subsidies are now flowing to business, industry, private finance, agriculture, transportation, power, housing, health, education, States, localities and individuals.

Nearly 40 million people will receive payments from the Federal treasury this year totaling some $40 billion, including social security. With their families these 40 million people could easily reach a number equivalent to half our population.

While these conditions have been developing over the past three decades, private debt in the United States has been increasing by nearly 250%; inflation has reduced the purchasing power of the dollar more than 53 cents; the value of the dollar is now 46.6 cents by the 1939 index.

It is a mistake to blame all this fiscal deterioration and socialistic growth on war. The combined duration of World War II and the Korean War was eight years. In the other 22 years without war there were 16 Federal deficits, and the increase in the Federal debt averaged more than $2 billion a year.

The total annual cost of the Federal Government has gone up more than $16 billion since the Korean War. This is an increase of nearly 25%. It may be surprising to note that the great increases in this period were not for military and foreign aid. They were in domestic-civilian programs.

Federal expenditures for these domestic-civilian programs have increased 88% in 7 years; they are now totaling $36 billion. These programs too frequently involve multi-year or permanent commitments for heavy spending in the future, and increases in these programs are continuing.

These are some of the signs of weakness, socialism and centralization to be found all around us—but not all. The U. S. Supreme Court has undermined our system of government at all levels. This can be traced back to the Roosevelt Administration when the President started packing the court.

Judicial usurpation of power has reached a peak with the Warren Court. Its decisions have invaded homes, handicapped police protection, disregarded State sovereignty, interfered with the authority of the Executive Branch of the Federal Government and usurped the powers of Congress.

A report to the Chief Justices of State Supreme Courts may be cited in documentation. In their 1958 conference at Pasadena, they found reason to urge the Warren Court to restrain itself in the exercise of vast power.

The action was taken in the 38 to 6 adoption of the report by 10 eminent jurists. The report was based on intensive study of "recent" decisions indicating general trends in the area of Federal-State relationships. To quote only two brief excerpts from the report:

"Second only to the increasing dominance of the national government has been the development of the immense power of the Supreme Court in both State and national affairs. It is not merely the final arbiter of the law; it is the maker of policy in many social and economic fields." And the report said further:

"It has long been the American boast that we have a government of laws and not of men. We believe that any study of recent decisions of the Supreme Court will raise at least considerable doubt as to the validity of that boast."

There can be no doubt that the Warren Court is undermining our system of government, contributing to centralization of power and authority; and thereby it is sapping our national strength. This makes us more vulnerable to destructive forces at home and abroad.

From experience we have learned that the more government is centralized, the more easily it is influenced—if not yet controlled—by leaders of organized pressure groups. Certainly the political target areas and the ruling officials of the government are more concentrated.

We have learned that the more government is centralized in Federal bureaucracy at Washington, the more susceptible it is to the arrogant influence of labor leaders. Call the roll: Reuther, Hoffa, McDonald, and so on.

Even now there is talk of the Federal Government outlawing State right-to-work statutes. In this connection, think of this fact. In the past 30 years strikes in this country have prevented nearly 3 million man years of work; that is a loss of nearly 3 million man years of pay, and nearly 3 million man years of production.

Power breeds power, and labor leaders are insatiable in their demands for special privileges and immunities. Federal nullification of all State right-to-work laws is high on their present list of demands.

They want the Federal Government to force membership in a union as a condition of employment. Nearly 50 million, or more than 70% of those employed in the United States are not now members of the big national and international unions.

Generally speaking, State right-to-work laws provide that the right of individuals to work shall not be denied on account of either membership or nonmembership in labor organizations.

The Taft-Hartley Act recognizes States rights in this field. Labor leaders want this provision repealed. Without it we could expect the Warren Court to strike down every State right-to-work law in the country.

Twenty States to date have enacted right-to-work laws, eight of them with constitutional amendments adopted by referenda. If they are not desired the people in the States who approved their enactment could bring about their repeal.

But the labor leader pressure is at the Federal level. They want Federal action for wholesale nullification of the States rights these laws represent, and the individual liberty they protect.

The right to work should be regarded as is the right to life, liberty and the pursuit of happiness. States have the right, the responsibility and the duty to protect this fundamental freedom.

When irresponsible labor leaders have the power virtually to shut down the country, our national security is imperiled. When they have the power to stop production and wages, our economy is impaired. When they have the power to force wage increases without increased production, they create inflation.

It is no exaggeration to say our strength is being sapped by the paternalism of Federal bureaucracy grown too great, usurpation of power by the Warren Court grown too mighty, and the force of labor leaders grown too arrogant.

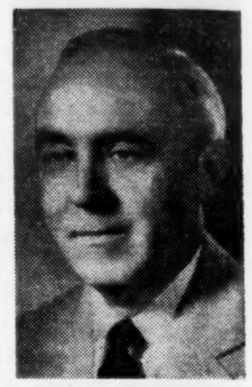
These are undermining our system, changing our attitudes, and hobbling our will for freedom.

W. J. CAPEHART

President, The First National Bank at Orlando, Orlando, Florida

What is the 1961 outlook for banking, particularly in Orlando and the great Central Florida area?

After 10 years of almost fantastic economic and population growth and a corresponding increase in bank assets, a leveling off began in 1960 with a substantial decline in housing starts, a moderate downturn in business with rate of growth in bank loans and deposits declining moderately.


W. J. Capehart

The early economy of Orlando Central Florida was dependent on citrus and tourism. However, in 1957 a wave of industrial expansion began, giving this area a well diversified year-round economy.

This section of Florida is the great citrus producing and processing area of the state and the current outlook is for the highest on-tree prices for oranges and grapefruit in a decade. The income for the winter vegetable crop, always a speculative deal, will depend on weather conditions and size of harvest.

Tourism, a big business for many years, will continue good, unless there is a sizeable downturn in the economic picture of the nation.

This area is becoming the center of the great missile and electronic industrial development of the state, giving employment to thousands of skilled engineers and technicians, thereby generating payrolls that run into hundreds of millions annually. As more and more industrial firms decentralize their operations and move to more favorable locations a continued growth in Industrial Development can be expected.

Although our prosperity is definitely linked to the economy of our nation as a whole, it is evident we are in unique position among the various states of our nation. Population-wise, this is one of the fastest growing sections of our country and all forecasts predict a continuation of this growth. With all facets of our economy on the move, it is very evident that 1961 will bring a need for more schools, roads, water and other utilities and personal services, making for new jobs, larger payrolls and a continued rise in per capita personal income. At this point, I would like to emphasize that the same rate of growth as in the past few years is not expected.

All of this indicates that the banking business in 1961 will show a moderate gain in loans and deposits and earnings should be comparable to 1960. It is indicated that consumer credit in both automobile and home improvement category will remain at probably the same level. Demand for business loans will remain high; more equity capital will be needed by many companies in this area and many will go in the open market with stock issues in order to provide for long-term capital. The banks will be asked for larger credit lines in order to provide current funds for the expanding business. On account of downward trend in interest rates on loans and investments and increase in operating costs, no appreciable increase in bank earnings for 1961 is contemplated.

More than ever the alert, imaginative forward thinking banks will reap the tangible benefits in 1961 by properly and soundly serving the banking needs of all the people in this area and participating and assisting in the development and growth of Central Florida.

O. W. CASPERSEN

President, Beneficial Finance Co.

The year 1960 started with rosy predictions about the "Surging Sixties" and there has been disappointment that 1960 itself did not zoom off on a sustained rise.


O. W. Caspersen

In last year's answer to your request, I said "There are some uncertainties about 1960. There is the adverse balance of international payments, the relative unfavorable balances of trade and the possibility of less residential housing because of tight money. Nevertheless, we expect to see GNP, Production, Employment, National Income and Consumer Credit all make new all-time highs."

Now as the end of the year figures appear in sight we can expect, in the face of concern over the business picture, that 1960 figures will, nevertheless, exceed 1959 figures about as follows:

GNP up $20 billion.
Personal Disposal Income up $20 billion.
Personal Expenditures for Durables about the same.
Personal Expenditures for Non-Durables up $8 billion.
Personal Expenditures for Services up $10 billion.
Personal Saving up $6 billion.
Farm Income up Slightly.
New Construction other than Housing up $4 or $5 billion.
Expenditures for Plant and Equipment about the same.
Civilian Employment up more than 2 million.
Civilion Unemployment about the same.
Average Hourly & Weekly Earnings both up somewhat.
Merchandise Exports up $115 billion.

This record does not seem to justify discouragement in the vitality of business.

However, the pessimism is centered on:

Personal Consumption Expenditures for Durable Goods which are down about $1 billion.

Continued on page 36

The Near and Future Outlook And Investments Preferred

Continued from page 3

over three million in the next five years, a 28% increase, but only five million in the next decade, which would be an increase of 42%.

In the college group there will be an expansion of over 2.5 million in the next five years, an increase of 27% and a five million increase in 10 years, or an increase of 52%. When the children enter the teenage group they are going to require much greater amounts of food, goods and services of various kinds which, of course, will be dependent upon family budgets. Therefore, we can expect markets will be stimulated by these changes in the population groups and answers probably should be given to the food companies, including the dairies, clothing and shelter. Then there will be the companies which will benefit from specialized requirements such as entertainment, soft drinks and beer, shaving equipment, cosmetics, cigarettes, sporting goods, school and college textbooks, school construction and equipment, and perhaps even compact cars for those who are somewhat better off than others. There is a very fine list of quality food stocks that could be bought, and also more specialized issues, such as *American Machine and Foundry, McGraw-Hill, Beech Nut Life Savers, Wrigley, American Chicle, Hershey Chocolates, Pepsi-Cola, Coca-Cola, Gillette, Ever-Sharp, Avon Products, Lehn & Fink, Revlon, American Tobacco, Reynolds Tobacco, Philip Morris,* and *U. S. Tobacco.*

But generally speaking a population rise does not necessarily mean increased demand because the coming big increase in population will occur in the age group that has an average income some $2,000 lower than the population as a whole. People in the 18 to 25 year old category who marry cannot be expected to have too large an income, although they may have big ideas. This is normal and they should have high goals. They can't be expected to be buyers of houses, but they must rent them. They are expected to live in multiple unit dwellings and generally in low cost dwelling areas. A letdown in the economy will have much to do with the population growth. For example, last year the number of births was 1% below the 1959 figure, due in large measure to the adverse effects of the steel strike on employment in the last half of 1959.

Research and Industry Change

Research expenditures in the last year or two have been running at the annual rate of $10 billion or more, whereas back in 1929 we spent practically nothing. In the last decade we have spent over $50 billion in research and in the next 10 years we will probably spend at least $125 billion, rising to perhaps as high as $15 billion annually by the middle 1960s.

We will have revolutions in industry. Some of us remember that it was in the Twenties when we had the automobile revolution. In the Thirties we had refrigerators, the washing machines and the airplane. In the Forties, the driers, air conditioners, television and in the Fifties, jet transportation, convenience foods and even weight control diets such as "Metrecal," the wonder drugs, television in color and computers.

We all remember the fads and styles, such as the "zoot-suiters," the marathon dancers, 3-D movies, Davy Crockett raccoon caps, charades, "Hoola-Hoops," quizz programs, goldfish swallowers, Hopalong Cassidy kids, the putting courses, the peculiar styles of men's and women's clothing, and we will have new "Christian Diors" in styling and production such as in electronics, automation, marketing, advertising, drugs and chemicals, transportation, communications, metallurgicals and missiles in the next 10 years. We will have machines that teach, automated post offices, atomic energy developments, fuel cells, gas turbines, more computers, controls, space vehicles, the demand for better quality goods, the demand for more and more education, the demand for better selling and the revolution in scientific developments will be enormous. Perhaps we will have subscription TV. People are changing their habits. Last year there were more than twice as many people who went to the Metropolitan Museum of Art as compared to those that attended Yankee baseball games.

Detecting the Trend

We are going to have very sharp ups and downs in the market and wide swings in our economy in the next 10 years but I think the long term trend will be up and it is up to the analysts, in fact up to all of us, to detect the new trend as soon as possible. It is better to be able to detect the trend four or five months before the event although it may be painful and require much patience in the meantime.

I look for industrial production to bottom out at about 105, which should probably be around February. I think there will be a number of additional scattered upturns before then, some already have been apparent. When business lags, interest rates will be lower. Cost cutting and elimination of unnecessary personnel and services is continuing. Gross National Product will have passed its low point by the end of the first quarter I believe, at around $506 billion annual rate but by the third quarter may well be up around $517 billion. Personal income has shown increasing strength throughout this setback. Personal income is now running at around $410 billion and could move up to $416 billion somewhere late in the second quarter. Despite the attitude of the New York Police Commissioner, I understand there are many "moonlighters" all over the country, perhaps as many as three million, or about 4% of the labor force. These are spread out over all kinds of occupational and income groups.

Steel inventories at the close of the year were down to around 13-14 million tons, the lowest year-end total in more than 10 years and I really cannot see how this can be reduced much further as the current rate of demand is somewhere around 65%, as against a production rate of around 50%. Thus, briefly, I believe that the industries which are either turning the corner or are expected to do well this year will include: aircraft, beverages, building construction, drugs and cosmetics, chemicals, electric utilities, electronics, farm equipment, installment finance companies, foods, insurance, leasing equipment, leisure time, natural gas, office equipment, paper, photography equipment, publishing and education, retail trade, steel and machinery, highway transportation, telephone and telegraph, tobaccos, petroleum, aluminum, air lines, metal and glass containers and vending machines. Textiles, rubbers and railroads should be about even this year, but in some cases should show signs of improvement by the middle of the year.

Oil Industry's Prospects

The oil industry has been struggling with its surplus problems for the last couple of years. Refining profit margins are up to about 95 cents a barrel now, compared with only 68 cents a year ago and a low of 56 cents in May of last year. I think the oil industry has a fairly firm hand in that it has been very successful in cutting costs. The main fear, as I see it, is the danger of Russia throwing cheap oil on the European market. It is obvious that this may be one of its trump cards as it is exchanging cheap oil with Italy for pipe to connect producing areas with East Germany. Still it is interesting to note the activity by investment trusts late last year, indicating large purchases of oil stocks. It was the second most popular investment group among 25 classifications.

The oils which I like are: *Atlantic Refining* which five years ago supplied only 50% of its refining requirements and now supplies about 82%. Higher natural gas sales, better pricing and improved efficiencies are making this into a real company. *Socony Mobil Oil Co.* is finally seeing the results of its improved efficiencies and will have a better than average earnings increase. *Ohio Oil Co.* has the development in Libya which could improve its net in 1962 on top of the earnings improvement estimated for this year. High hopes are held for *Continental Oil Co.'s* activities in the offshore areas, Canada, Libya and in petrochemicals; from its 45% interest in Petroleum Chemicals Co. I like *Union Oil Co. of California, Cities Service Co., Getty Oil, Skelly Oil Co.* and *Texas Gulf Producing.* The latter has done a particularly fine job in Libya where large reserves are believed to have been found. Being a small company, earnings from this source could respond quickly beginning next year when Standard Oil of New Jersey will begin to sell its crude.

Standard Oil Company of Indiana appeals to me for several reasons. In the first place, their earnings for 1960 should be somewhat better than $4 a share. Their Argentine developments are beginning to look promising with production up to over 30,000 barrels daily. Its Canadian production in the Swan Hills area of Alberta is up from 8,000 barrels to 13,000 barrels daily and some time this year gas will be delivered out of their Alberta area to Pacific Gas and Electric. As a matter of fact, the company's gas sales are expanding at the rate of 10% annually. If we have a continuing cold winter, and we certainly have so far, Standard Oil of Indiana and most of the top domestics should do quite well.

Tidewater Oil Co.'s marketing position has improved on the East Coast. Its natural gas results have been excellent and in the last three years reserves have increased more than one trillion cubic feet. There is a large backlog of uncommitted reserves which indicates a substantial growth for the next several years. This company is taking a leading part in Japan through a 49% interest in a Japanese firm and it is also building a refinery in Denmark. Last year's earnings look like $2.35 a share but earnings could get up to $3 or better this year, in my opinion, unless the usual price wars get out of hand by expanding on a national scale. *Gulf Oil* probably earned $3.10 last year. The biggest imponderable here is the future refined prices. Each quarter-cent change for gasoline could have a $10 million effect on revenue and each quarter-cent variation in distillate prices could effect Gulf to the tune of $5.5 million but I look for some firmness in product prices this year as compared with last year. I think Gulf could earn better than $3.25 this year.

Pacific Petroleum is becoming one of the dominant operators in British Columbia and in Alberta, Canada. It has over 40,000 proven acres of gas production in the Ft. St. John-Ft. Nelson areas of N. E. British Columbia and one of the choicer spreads of prospective lands totalling 2,100,000 acres. It recently issued some six million additional shares for the Canadian properties of Phillips and Sunray Mid-Continent which makes Pacific the largest owner of British Columbia gas reserves and gives Phillips Petroleum a 39% interest in Pacific Pete, and Sunray about 5%-6% interest. Although this may take some time, I believe the values in this picture are substantial and long term investors will find it a satisfactory payout.

Other stocks which I think are well worth investigating for their good long term profits are *Lehn & Fink, Ronson Corp., Baxter Laboratories, W. F. Hall Printing, Crowell-Collier Publishing Co., Metropolitan Broadcasting, Interchemical Corp., Cenco Instruments, Mc Graw-Edison Co., General Railway Signal, Hooker Chemical, Heyden Newport Chemical, S. S. White Dental* and *Illinois Central Railway.*

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Net Corporate Profits which are down about $1 billion.
Residential new construction (non-farm) which is down about $1 billion.
Average weekly hours worked which is down about one hour.
Department stores which are barely even with last year.
Manufacturing New Orders which are just under last year.
Housing starts which are down some 200,000

And most of all concern is expressed at the Federal Reserve Board Index of Production which topped off at 111 in January, by September was down to 107 and may have dropped a point or two more by the end of the year. Nevertheless, it is the trend rather than the magnitude that is of concern for the index for all of 1959 was 105.

Indications are that the adverse tendencies will drag on for some months into 1961, but the downward movement should be relatively mild and should resolve itself somewhat about midyear. After midyear, I expect the indices to start up again. By year-end, we should be back again to the total of 1960 and perhaps 1% or so higher in GNP.

In the field of Consumer Credit there has been a drop of some $600 million in outstanding charge accounts and other forms of non-instalment credit. Instalment credit, on the other hand, has continued to expand by about $2.5 billion which is slower than in 1959 by about half. Instalment personal loans are up $900 million but also at a somewhat lower rate. In line with the general business prospects for next year, Consumer Credit should maintain, at worst, the current levels, but may be somewhat higher.

HON. EMANUEL CELLER

Chairman, Committee on the Judiciary
U. S. Congressman From New York

The completion of the 1960 census and the required realignment of seats in the United States House of Representatives pursuant to the mandate of the Automatic Reapportionment Act of 1929 will again sharply bring into focus the long existing inequality of the vote in those fields of government where representation is drawn from political districts.


Emanuel Celler

In the shift of population, as officially determined by the census, 16 states are scheduled to lose from one to three seats for a total of 21 seats and nine states are to gain from one to eight seats for a total of 19. Those states which lose seats must, before the 88th Congress, reapportion their districts to a number commensurate with the lesser number of seats or all their Representatives must be elected at large should there be more districts in the state than allowable seats. In those states where there is a gain of seats, unless more districts are added, the newly allotted seats will be occupied by Representatives elected at large.

I have no quarrel with the automatic reapportionment provisions of the Act, except that I do take issue with the absence of any Federal standards requiring states to so establish their districts as to best assure equality in voting. Violence to the principles of fair and equal representation, the effectiveness of a vote and the concept of majority rule, will continue to be done unless standards are enacted and enforced to prevent gerrymandered districts.

The new allocation of seats in the national House is based on an average population of 410,500 for each Representative. Unless the states be required to conform their districts to prescribed standards there will continue to be disproportionate representation similar to the present wherein California's 28th Congressional District's 1,007,140 population (as of April 1, 1960) is represented by one vote in the House and Michigan's 12th Congressional District's population of 175,968 is also represented by one vote. Should the Representative from Michigan's 12th and South Dakota's 2nd Congressional District's (181,190 population) vote together on an issue and California's 28th Representative vote in opposition, the result simply follows that 357,158 people are dictating to 1,007,140 fellow Americans. This is minority rule in action.

In almost every state it is the urban and suburban areas which are most seriously discriminated against through malapportioned districts. A majority of the people of this nation, estimated at two out of every three, live in urban areas and their environs, yet, they are not represented in accordance with their numbers. This situation cannot square with anyone's concept of fairness and equality. A very practical effect of such inequality is that the conflict between the urban and rural areas results in an anomalous situation when the larger area's interests are subject to the smaller area's dictates however urgent the urban areas requirements may be.

The contrast between unequally apportioned districts and *vox populi* is pointed up by the recent national election returns. In the Presidential campaign, because the states voted their electoral votes on a state-wide basis rather than by malapportioned districts, the large industrial areas of a state met the rural areas head on. Here every vote counted and its weight was equal to the weight of every other vote cast. This was majority rule in action.

An effective means of combatting the unfairness of unequal representation is through the simple expedient of readopting those standards, to which states will be required to adhere, that were formerly contained in the Federal statutes.

From 1842 to 1911 Congress, from time to time, adopted standards requiring Congressional districts and that the districts be composed of compact and contiguous territory and, as nearly as practicable, equal in population. Those standards were dropped when the Automatic Reapportionment Act of 1929 was enacted and now there are no standards nor Federal requirement for districts.

Because every American citizen is entitled, as a right, to fair and equal representation and to a vote of equal weight and effect as his neighbor's and to a voice equally as loud and as persuasive, I shall again introduce legislation, as I have in the past, to secure for him these rights.

The legislation will require all states to establish Congressional districts equal to the number of Representatives to which the state is entitled and that the Representatives be elected only from districts. It shall be required that the districts themselves be composed of contiguous territory, in as compact form as practicable and as equal in population as all other districts in the state plus or minus a definite percentage figure to allow for natural barriers and impediments.

H. H. CHERRY, JR.

President, Cherry-Burrell Corporation

The imbalance in our nation's foreign trade underscores the increasing problem of American manufacturers holding onto their share of the markets both here and abroad.


H. H. Cherry, Jr.

In the dairy, beverage and food equipment industry of which Cherry-Burrell is a part, we are encountering this problem of foreign competition in the same manner as other industries. We welcome the challenge but we must not underestimate its magnitude for it can mean the difference between static and prosperous economic conditions in 1961 and beyond.

In order to meet the challenge, we have got to do three things: accelerate our development programs, reduce the price gap between American and foreign manufactured products, and strive constantly to refine our quality standards. To succeed, we are going to need healthier labor-management relationships than have existed in many years. I think this can be achieved because labor has as great a stake as management—if not greater—in successfully meeting and surpassing foreign competition.

As managers, we have got to take labor increasingly into our confidence on the problems of meeting competition from abroad. With their full understanding of cost and quality problems and with mutual cooperation in solving them, we can attain the dynamic economic growth of which we heard so much during the Presidential campaign. The alternative is not very appealing.

WALKER L. CISLER

President, The Detroit Edison Company

Any comment on nationwide industrial and economic prospects may logically be prefaced with a review of the local economy with which the commentator is most familiar. The local scene, in this case, is the 7,600-square-mile area of Southeastern Michigan served by The Detroit Edison Company.


Walker L. Cisler

In this area, inhabited by some 4,244,000 of Michigan's 7,800,000 people, the economic recession of 1957-1958 was felt more keenly, perhaps, than in any other part of our country. Yet 1959 saw a remarkable recovery, with an estimated personal income increase of 17%—the greatest gain shown by any state in the nation for that period.

During the past year—1960—business conditions here and throughout our country were reasonably good. They were not quite so bright as many economists predicted at the outset, however, largely because of a declining trend that started toward the end of the year.

General Outlook Favorable

There are nevertheless good grounds for confidence in Southeastern Michigan's future industrial growth potential, which is assured by a combination of natural advantage of location, plus excellent human resources. University of Michigan economist Dr. William Haber has pointed out that a major part of the industrial productivity of the whole United States is concentrated in a geographic belt extending from Boston, New York and Philadelphia westward to Milwaukee and St. Louis. Within this belt are two-fifths of the American people, more than half the national income, and two-thirds of the manufacturing employment. Southeastern Michigan has the advantage of strategic location in the midst of this productive belt—on the Seaway and Great Lakes—with excellent rail, highway and water access to both raw and processed materials as well as to markets both at home and abroad.

Reviewing 1960 nationally from the electric utility standpoint, it is notable that the industry continued its steady growth despite some unevenness in the over-all American economy. For example, according to Edison Electric Institute (EEI) studies, nationwide generating capability increased 7.7% over 1959.

By 1970, this growth trend should double present nationwide power-producing capability of 175.9 million kilowatts. And by 1980, according to EEI studies, present generating capability will be nearly quadrupled.

Prospects for 1961

As to nationwide electric power industry prospects for 1961, the expected capability for the total industry in the U. S. proper is 187.2 million kilowatts—6.5% over the December, 1960, figure.

Electrical production for 1961 should run 7% higher than in the past year for a total of about 910 billion kilowatt hours.

Revenues of the nation's electric companies should run 6.8% over 1960, reaching $12.25 billion for 1961.

Any look at the future of electricity must include some consideration of atomic power plant progress in this country. New milestones of 1960 included the starting up of the 136,000 kilowatt Yankee Atomic nuclear power plant at Rowe, Mass., and the dedication of the 180,000-kilowatt Dresden plant of Commonwealth Edison.

At present, some 132 electric power companies are participating in one or more of 26 major atomic power, research and development and study projects involving a total company investment of more than $650,000,000. Certainly this represents very substantial progress.

Our local example is of course the Enrico Fermi Atomic Power Plant, a joint project of Detroit Edison, Power Reactor Development Company and Atomic Development Associates, Inc., now nearing completion on the shore of Lake Erie near Monroe, Mich. Nonnuclear tests already are under way at the Fermi plant. Nuclear operation awaits solution of licensing matters and the issuance of an operating permit by the Atomic Energy Commission.

Planning for Future

In conclusion, it should be noted that through careful and continuing studies, both nationwide and local, America's investor-owned electric power companies are keeping themselves constantly aware of future power needs of their customers. Day-by-day, on the basis of these studies, they are building well in advance of the actual incidence of new loads. Thus they make sure that the tremendous additional needs forecast 10, 20, and even 40 years from now will be more than met.

Long-range planning and building of this kind is our best assurance of the readiness and ability of the investor-owned electric industry to meet power needs at all future times—and in accordance with principles of free enterprise.

HUGH L. CLARY

President, Clary Corp.

While we expect our own business to expand because we are determined that it must do so, we think that we and most businessmen will face more difficult problems in 1961 than in any previous year since World War II. These problems are largely international in scope. They are as much political and social as economic. In other words, they are problems which face the individual businessman, but which he himself can do very little to solve and to which he must adjust himself as best he can. It is the American people who decide what kind of a world they wish to live in, what values are important to them and what place business has in that world. While I have great faith in the American people, it takes time for them to come to a realization of of the true status of any situation and to make up their collective minds. For that reason I expect continued uncertainty and confusion for most of 1961. During this time our people will continue to have the highest standard of living in the world with the hopeful probability that the economic situation will show improvement toward the end of the year.


Hugh L. Clary

J. H. CLAWSON

President, Puget Sound Power & Light Company

An ever increasing demand for electric power gives every indication of a promising future for the industry. The extent to which the American people benefit from this progress will depend upon successful leadership and cooperation between all levels of government and private enterprise. People of the Pacific Northwest, in particular, have voiced their approval of the inherent benefits of a cooperative attitude between investor-owned and government power entities.


J. H. Clawson

Washington's Puget Sound-Cascade region offers a striking example of new demands for power resulting from a healthy population expansion and a steady economic growth. In Puget's service area, which covers some 3,200 square miles in nine counties chiefly bordering Puget Sound, the population has risen 40% over the last decade—more than twice the state average. Population in the Seattle suburban area has increased 86.3%.

Washington's business economy moved somewhat

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Henry Harris & Sons, Inc. Formed

Formation of the new organization of Henry Harris & Sons, Inc., is announced as a consolidation of underwriting and distributing interests in the tax-exempt bond field which have been developing since 1924. The new company will succeed Chester Harris & Co., and hereafter will include Henry L. Harris as President, and his sons, M. Chester and I. Douglas, as Vice-Presidents. Offices of the company will continue at 52 Wall Street, New York.

Henry L. Harris

The senior Mr. Harris is one of the best known tax-exempt bond specialists in the United States. He managed the municipal bond department of Goldman, Sachs & Co. for the last decade until he resigned at the end of 1960 in order to join his sons in a venture which they began several years ago. M. Chester Harris was previously a partner at Baxter & Co., and I. Douglas Harris with Ira Haupt & Co.

Henry L. Harris began his career in finance with William Salomon & Co., predecessor of Blair & Co. He became associated with Goldman, Sachs & Co. in 1934.

Stephen Securities Formed in Denver

DENVER, Colo.—Stephen Securities Corp. has been formed with offices in the American National Bank Building to conduct a securities business. Officers are John T. Webb, President; R. J. Webb, Vice-President; and Margery E. McLaughlin, Secretary and Treasurer. Mr. Webb who entered the investment business in 1929 was formerly Denver Manager for Quinn & Co. Prior thereto he was Denver Manager for Cruttenden, Podesta & Co. and Otis & Co.

John T. Webb

Donald M. Bell and Richard Small, formerly with Quinn & Co., are also associated with the new firm.

Named Director

The election of Irving Wasserman to the Board of Directors of Sterling Television Co., Inc. was announced by Saul J. Turell, Chairman and President.

A member of the American Stock Exchange firm of Reich & Co., Mr. Wasserman has been engaged in over-the-counter securities trading for the past 33 years.

Assurance Inv. Group

CHICAGO, Ill. — Assurance Investor Group, Inc. is conducting a securities business from offices at 230 North Michigan Ave. R. W. Anthony is a principal.

Forms Bookbinder Co.

Isidor J. Bookbinder is engaging is a securities business from offices at 76 Beaver Street, New York City under the firm name of The Bookbinder Co.

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slowly in 1960, showing little change from the high levels of 1959. There are, however, encouraging indications of an improving business picture in 1961.

The Boeing Airplane Company, with plants in Seattle and Renton, has recently announced the signing of new contracts totaling some $350 million for the delivery of 80 new 727 jet transports. As a major contributor to the economy of the area, Boeing employes more than 50,000 people and is one of Puget's biggest industrial customers.

An expanded program of highway and bridge construction is expected to further enhance the economy in the new year and open new areas of recreation for Washington's growing tourist industry. The system will include the completion of a second bridge spanning beautiful Lake Washington east of Seattle. In 1962 Seattle will host "Century 21," a world scientific and industrial exposition now building, which is expected to attract thousands of additional tourists to the state.

During the new year, Puget will continue its area development program initiated in 1959 to attract new industry to the Puget Sound region. In cooperation with other organizations, local government, cities and major business firms, the Company again plans to sponsor a series of meetings in eastern and midwestern cities to acquaint business leaders with the advantages of locating in Washington State. In fact, eastern businessmen are already taking advantage of this region's rapidly expanding consumer market, the abundance of natural resources, the availability of planned industrial parks and dependable routes of transportation and communication.

Andover Industrial Park, located 10 miles south of Seattle in Puget's service area, is one example of the industrial development taking place in this area. When completed, it will provide more than 40 sites for light manufacturing and distribution centers. The project is being developed by Puget Western, Inc., a subsidiary of Puget Power.

An abundance of low-cost electric power has been a most significant factor in the rapid growth of this Puget Sound-Cascade region. Puget contributed another 170,000 kilowatts to this power supply in 1960 with the completion of a new hydro plant on the Baker River in northwestern Washington at a cost of $53 million. In 1961 the company expects to spend about $20 million to expand its transmission and distribution facilities.

To meet increasing costs Puget requested and obtained a general rate increase which became effective in June, 1960. Kilowatt-hour sales rose 8.5% in 1960, customers increased by 4.1% and revenues went up 14.5%.

Puget is moving forward into 1961 with confidence that the Company is firmly in step with the progress of the area it serves.

HENRY W. COLLINS
President, The Celotex Corporation

For 1961, we anticipate no sudden or dramatic change in business conditions. Home building probably will be maintained at a pace similar to or slightly ahead of 1960. This would mean about 1.3 million housing starts next year. There may be some increase in residential construction after June.

Henry W. Collins

Because of its complex nature and the lack of any standardized measuring stick, the exact size of the remodeling market is unknown. According to some industry estimates, for every $3.00 spent on new home home construction in 1960, Americans invested $2.00 in home modernization.

Other 1960 total market estimates vary from about $12 billion to $15 billion, depending on whether the figure includes all light construction remodeling or merely home improvement and maintenance. We expect that this market will remain about the same in 1961, providing a healthy outlet for building materials.

DAVID H. COGAN
Chairman and President, The Victoreen Instrument Co.

Recently, the government finally made public photographs of the two atomic bombs which destroyed Hiroshima and Nagasaki in 1945 and brought Japan to her knees and World War II to an end. It was quite a grim reminder of the destructive side of nuclear energy and, I am afraid, it may have overshadowed in the minds of some the constructive side of the atom—its great contributions to the welfare of man.

David H. Cogan

Each day as scientists in government and private industry delve deeper into the mysteries of nuclear energy something of great potential benefit to all is discovered. This applies to virtually every one of our pursuits, medicine, agriculture and chemistry, among others, for radioactivity has given the researcher a versatile tool, such as he never possessed before, with which to unlock secrets of life processes and other phenomena.

Lying ahead are paths to better health for all, better foods, more economic utilization of petroleum and other natural resources.

In short, we have learned to live with the atom and to make it labor exceedingly well in our behalf.

A side product of nuclear physics, and a very important one not only to those who work with the atom, but to the general populace, has brought into being a substantial industry—the development and production of instruments for measurement and monitoring of radiation.

Actually, radiation measurement was developed by John Victoreen and several colleagues more than a decade before development of atomic weapons began. They produced the first instrument for measuring X-ray emanations and as a result of this were the ones called

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upon by the Manhattan District to develop the necessary measurement instruments in the atomic program.

As a result of this and continuing work, a wide variety of instruments is available to assist the scientist, the radiation therapist and others in measuring and controlling radioactivity. Another large class of instruments monitors air, water and whole plants, providing a 24-hour sentinel alert for radiation leakage wherever nuclear reactors or radioactive materials are at work.

In 1960 we saw this industry reach about the $100-million annual volume mark. Due to increasing utilization of the atom, production is certain to rise substantially again in 1961.

Where Victoreen once was the sole producer, more than 100 companies are now turning out measurement or monitoring items, so much has the need grown.

Increased use of microwave equipment and such things as radar devices are adding to the need for monitoring equipment, for these systems utilize klystron tubes which give off low density radiation. In accumulation, these radiations may be harmful to those working at such installations.

This and other factors are fostering the growth of the measurement and monitoring equipment industry.

HAROLD W. COMFORT

President, The Borden Company

Reflecting the experience of the food industry generally, the Borden Company in 1960 enjoyed a record year for both sales and earnings. However, results for the year were below the promise of the early months, chiefly because of the effect of unseasonable summer weather on sales of some principal food items. On the other hand, the Company's diversified operations, plus the inherent stability of the food industry, made us less reactive in both speed and degree to the decline in economic activity during the second half of the year. These same factors should make us respond more quickly to the upswing in the economy generally expected by the latter half of 1961. For the food industry, and Borden's, 1961 should be a good year.

Harold W. Comfort

I am confident that the recession the country is now experiencing will be short as well as very mild. The build-up of durable goods inventories through June of last year has been moderate; inventories are not excessive, so liquidations should not be protracted. Cutbacks in capital expenditures budgets in 1961 are expected for industry as a whole, although Borden's will run counter to the trend in this respect. However, industry's cutbacks should be small and the total appropriations still substantial. And as confidence strengthens, actual expenditures may approximate budget figures more closely. An exception most likely will be in those areas already burdened with excess capacity, among them being some chemical facilities.

Difficult to predict at this time is how willing consumers will be to open their pocketbooks. Our own sales experience shows consumers have been spending willingly for the newer, more highly processed (and therefore more costly) convenience foods. But apparently they have been hesitant to invest in durable goods, preferring instead to save, or to repay installment loans. Whatever the consumers' decision on disposition of income, the food industry should benefit—directly, through a larger share of the spendable dollar going for food, or indirectly, through a more highly stimulated economy.

In the belief that the current recession will be brief and remain mild, Borden's in 1961 plans to invest a record amount in capital improvements and leased equipment. This amount will bring the company's five-year program for modernization and expansion, started in 1957, well over the originally projected $150 million mark. About one-third of the planned 1961 expenditures will be toward construction of Borden chemical facilities in the Baton Rouge, La., area. These facilities will utilize Borden's share of the acetylene and vinyl chloride monomer output of a plant to be built in the area by Monochem, Inc. Monochem, a joint venture of Borden's and United States Rubber Co., is scheduled to have its plant in operation in 1962.

In 1961, new or enlarged chemical facilities will be completed at three other locations in the United States. New chemical plants will also be built in three foreign countries, and facilities will be expanded in six others. Construction, modernization, or expansion of milk and ice cream facilities is scheduled in more than a dozen cities in the U. S. and Canada in 1961. Expansion of Borden's potato processing plant at Grafton, N. D., has just been completed. Powdered milk operations in Europe will be extended, and the new year will mark Borden's entry into the ice cream business in South America, following acquisition of a majority interest in a Venezuelan ice cream company.

While these expansion and modernization programs are costly, Borden's benefits from the cumulative efficiency of new facilities as they go into operation. In 1961, for example, we shall realize the full effect of 26 separate capital improvement projects completed in 1960.

Borden's in 1961 will spend more for research and development than in any other year in its 104-year history. Because of the heavy year-to-year increases in research investments beginning in 1958, which quickly brought us up to a substantial level of expenditures, the increase from 1960 to 1961 will not be so great as in some other years.

Our present research activities rewarded us in 1960 with a number of new or improved products that have opened new markets, reduced costs or improved margins, and strengthened our position in the food field. Borden's Ready Diet, a 900-calorie liquid product for weight control, has had exceptionally favorable consumer acceptance since its introduction in November, 1960, and we look forward to a very satisfactory return from it in 1961.

Our chemical research has been productive, too. In 1960 we introduced Lemoflex, a polyvinyl alcohol resin from which a water-soluble packaging is made. Major soap companies are test-marketing single-unit packages of detergent and bleach sealed in film made from Lemoflex. Both package and contents dissolve on contact with water. The Borden Chemical Company has also just begun marketing two new consumer items—an epoxy glue that will permanently bond any material to any other, and a non-slip rug-backing compound.

Research culminated in 1960 with improvements in products or packaging of several other food lines, among them cheese, refrigerated rolls, mince meat, instant coffee, and Starlac nonfat dry milk. Company-wide, some 30 new or improved products were developed in 1960, exclusive of new flavors of ice cream and gelatin salads. We hope to exceed this pace in 1961, and at the same time strengthen our market research and consumer testing to assure as far as possible favorable acceptance of products with good sales potential.

As a member of the food industry viewing the new year and the immediate future, I cannot help being encouraged by a significant indicator in the field—vital statistics. The number of births in August and September was at a record high for each of those months. The rate of family formations will be stepped up. For the food industry, to which every birth registration is in effect the signing up of a new customer, the year 1961 offers many indications of promise.

HON. HAROLD D. COOLEY

Chairman, Committee on Agriculture
U. S. Congressman From North Carolina

The nation's current business slump can be attributed in large part to the poor income position of rural America.

Business leaders have given only passing notice to the deterioration of the farm economy in recent years. There has been little, if any fundamental inquiry by the business community into the problems confronting the millions of people who produce food and fiber. Such examination certainly would disclose some sobering facts to those in the urban areas who now are uneasy about the general business outlook.

Hon. H. D. Cooley

Agriculture is by far our largest industry. Farming employs more people than the steel industry, automobile industry, transportation industry and public utilities, combined. Agriculture uses more steel annually than the total tonnage which goes into passenger automobiles. It uses more petroleum than any other industry.

Yet agriculture hasn't had an even break in our general economy since 1952. Our farmers have been caught in a devastating cost-price squeeze. In some ways the disparity between agriculture and other areas of the economy is more severe than in the late 1920's and early 1930's when a condition of impoverishment in rural America preceded the Great Depression.

In 1960, compared with 1952, farm prices were down 17%, farm parity ratio down 20%, realized net farm income down 20%, purchasing power of that farm income down 25%.

The per capita income of people living on farms in 1959 (latest figures available) was only $965, while the nonfarm population received $2,216. The 1959 hourly earnings of farm workers (average for operators and hired labor) was 75 cents, while factory workers received an average of $2.22 hourly.

In the last decade some 7,000,000 to 8,000,000 persons have left the land and have crowded into the cities, most of them looking for work. I wonder how many of these are listed now among the Nation's unemployed and are on relief rolls in the cities.

It is inconceivable to me that our business community would overlook these conditions in agriculture.

This is especially disturbing when we consider that the value of productive resources in agriculture amounts to more than $200 billion and is about equal to the investments in the productive facilities of all manufacturing corporations. Moreover, there is the fundamental companion consideration that, despite a severe attrition in recent years, there still are today more independent units of enterprise in agriculture—more individual capitalists—than in all other industry and business combined.

The general economy has lost the stimulation of the buoyant rural demand for consumer goods and services.

It, therefore, is reasonable to conclude that there would be a brighter general outlook for business today if we had maintained opportunities for agriculture to advance with the remainder of the economy.

Certainly I can see no cure for recurring recessions in the general economy so long as our largest industry—agriculture—is depressed.

I believe the prospect for the future can be brightened. The great underdeveloped markets for consumer goods now are on our farms and in our farm towns. I would advise the business community of the Nation to help develop national policies enabling rural America to achieve an equitable income position. This one step would bring into being a new multi-billion dollar market for the factories in urban areas. It would create hundreds of thousands of jobs. Taxpayers would save many millions of dollars which otherwise may be spent in welfare grants and relief to depressed areas. The Nation's Business would be more stable. The free enterprise system, underpinned by the millions of individual capitalists who own and run our farms, would be materially strengthened.

RALPH J. COMSTOCK

President, First Security Bank of Idaho, N. A.
Boise, Idaho

General business outlook in the first half of 1961 is best described as STATIC, but on a relatively high plateau. General increase is expected beginning in late spring and at least by mid-summer.

Some increases are expected in Gross National Product, Personal and National Income. Increased government spending is one factor leading to these increases. Production indexes probably reached the low point in December 1960 and should increase gradually to late spring, then at a more accelerated rate from that time.

Ralph J. Comstock

Patterns in segments of the economy should be somewhat as follows:

(1) In the first half of 1961 industrial production should vary between 103 and 107% of the 1957 average. This is some 5% lower than the first half of 1960, but almost the same as the last six months of that year. Relatively stable prices mean there is no rush for re-stocking inventories, practically a new pattern since the end of World War II. Steel production will increase slightly to late spring from the low point in the last half of 1960. Greater increases are expected by mid-summer. Copper output and that of other nonferrous metals may decrease slightly because of the large inventories in these industries following high production levels throughout most of 1960. Lead and zinc output are not expected to increase unless some tariff protection is afforded these industries. Lumber production should hold to the late 1960 levels until a further upsurge in housing anticipated in the last half of 1961 materializes.

(2) Total cash farm income should equal that of 1959 and 1960. But, the increased squeeze caused by higher prices for goods farmers purchase will continue unless a more realistic farm program is provided in reducing surpluses.

(3) Housing construction for the year should be slightly higher than in 1960 but not equal to the very excellent year 1959. Somewhat easier money markets will affect housing favorably, increased savings should mean more funds available for the mortgage market. Industrial and commercial construction should be approximately the same as in 1960. Local government construction of schools will be slightly higher and that of highways considerably above totals of the previous two years.

(4) Continued increase in savings is expected to increase funds available for residential construction and at slightly lower interest costs.

(5) Easier money markets will continue due in part to the disappearance of the inflationary threat and the need for bolstering the economy.

(6) Retails trade for the year should be equal to that of 1959 or of 1960 with some increase in durables.

(7) Total employment will increase but unemployment will also be larger than in the first half of 1960. Government policies will affect this segment of the economy.

J. E. CORETTE

President and General Manager, Montana Power Co.

Business activities in Montana during the year 1961 should show a considerable improvement over business activities during the year 1960. There are several basic factual reasons for this conclusion. Major mining, smelting and fabricating operations in the non-ferrous metal industry were seriously curtailed due to strike during the first two months of the year 1960. These operations have now stabilized and are operating under labor contracts that run to mid-1962. This should avoid any work stoppage in that industry during the year 1961 and indications are that operations will continue during the first half of 1961 at approximately the same rate as during the last half of 1960 and that there may be improvement during the last half of 1961.

J. E. Corette

Montana's vitally important timber products industry has held up fairly well during 1960 despite the softness in the lumber market. However, in 1961 this industry should show substantial improvement due to the fact that there were completed and put into operation in the Missoula area in the fall of 1960 a paper mill and a large plywood mill which will stimulate activity in the lumber industry and which create a market for waste products from other lumber operations throughout the entire state.

Agricultural outlook is reasonably good at this time. Weather has been favorable for livestock and marketing conditions have been satisfactory. Livestock prices have increased about 2 cents to 3 cents in the last 60 days. Prices received by farmers have increased from an

index figure of 231 in November 1959 to 241 on Nov. 15, 1960 and the parity ratio, that is, the ratio of prices received by the farmers to prices paid by the farmers, has increased from an index of 78 on Nov. 15, 1959 to 81 on Dec. 15, 1960.

Military construction activity in connection with a proposed minute man missile project in Montana will buoy the economy of the north-central section during 1961.

Elsewhere, a continuation of the state's steady population gains and the development of small new industries geared to abundant natural resources of the area will be favorable factors in the coming year.

These facts leave me with a feeling of optimism and a belief that 1961 will be an improvement over 1960 in Montana.

JOHN J. COTT

President, Cott Beverage Corporation

Every indication points toward a record year for the soft drink industry in 1961 and even greater strides in the years to come.

Three factors contribute to the optimism in the soft drink field. They are population growth, increasing retail markets and the growth of vending machines as a means of dispensing.

John J. Cott

According to the United States Government, our population will increase at a rate of 2.5 million a year through the 1960s, and this population increase will mean 25 million new soft drink consumers in 10 years.

Supplementing population growth here at home will be the continued expansion by our company in foreign markets. Increased sales and new markets will be especially marked in Africa, South and Central America and parts of Asia.

During the 1950s the per capita consumption of soft drinks has increased by more than 30 bottles. Substantial increases are expected through the 1960s, helping to raise gross sales.

The growth of retail markets—especially supermarkets—has already had an enormous effect on the sale of soft drinks. Supermarkets now constitute about half the retail outlets for soft drink manufacturers, and the continued exodus to the suburbs should accelerate the growth of supermarkets and consequently stimulate further sale increases for the industry.

Innovations and improvements are planned by the industry that should help push sales beyond the potentials created by market and population growth.

One of the foremost is the increased use of vending machines for dispensing soft drinks. At present more than 90% of the industry's bottlers are involved in vending machines, and in many instances profits from vending machine operations have accounted for the biggest sales profit increases in recent years. Increased use of vending machines is almost assured in the year to come.

Economy size bottles and the use of glass cans have become increasingly popular and will account for a greater share of the consumer market in 1961.

The sale of our dietetic beverages has been a constantly-increasing activity. Dietetic drink sales rose 50% in the past year and are expected to continue their climb and make even greater contributions to the overall soft drink profit picture.

Advertising and promotion—which have doubled in the past year—will continue to grow in the future and an industry-wide campaign to make soft drinks the meal drinks will help fill the high potential of soft drink purchases.

Any forecast for the soft drink industry must, of course, depend on the incalculable weather factor. A cool summer can often turn a record year into a good year and a good year into an ordinary one.

But notwithstanding weather conditions, the industry has shown confidence that 1961 will be a record year by substantial investment in expansion projects. Trucks and vending units account for the major share of expansion investments, with great activity noted also in new plants, bottling equipment, truck bodies and premix equipment.

Almost two-thirds of the industry has made some investment in future expansion, which is perhaps the best sign of what the industry expects in the year 1961.

GEORGE S. CRAFT

President, Trust Company of Georgia, Atlanta, Ga.

The current decline in business activity shapes up as the mildest of the post-war recessions, largely because substantial adjustments have already been accomplished in several important industries without severe effect on total production or total consumer buying power. The decline should "bottom-out" in the spring, and modest recovery is looked for later in 1961.

George S. Craft

Between January and July 1960 the decrease of only 1½% in total industrial production was a remarkable performance in the face of a 47% drop in steel output and a sharp reduction in housing starts. Since July total production has declined an additional 5%, with important decreases in a number of consumer goods industries such as appliances and apparel.

The rolling nature of the adjustments to date is one of the major strengths in the outlook for 1961. The situation in steel, as revealed by Mr. Roger Blough's recent comments, well illustrates this point. With steel inventories low and with production currently well below the rate of consumption, it seems reasonable to expect a fairly prompt upturn in steel output. Our own studies suggest that apparel output has now declined to a level supported by retail sales and that within a few months a similar condition will exist in major household products. Construction contract awards suggest that building activity may soon resume its upward trend; despite rising vacancy ratios, even housing should show a modest recovery from the depressed level of 1960.

Less encouraging are the outlooks for capital equipment and automobiles. The existence of ample capacity and the declining trend of profit margins will adversely affect machinery and equipment production through most of 1961, and large dealer inventories of automobiles make certain a substantial cut in auto production even though retail sales hold up reasonably well.

The inventory picture, although varying widely between different industries, is probably not nearly so vulnerable today as it proved to be in the 1953-54 and 1957-58 recessions. We follow closely the relationship between total inventories and total consumption of goods, and conclude that inventories are not especially high relative to consumption. Some further liquidation of inventories is probable, but the reduction will likely be much less drastic than in earlier recessions.

Commercial banking trends, of course, will be strongly influenced by trends in the general economy. Further moderate softness in loan demand is indicated in the early months of 1961, with perhaps a slightly more than seasonal upturn in the last half. Deposits should continue to benefit from the relative unattractiveness to corporate treasurers of present rates on short-term government securities and other investments. However, little further decline is looked for in interest rates, in part because of the relationship between interest rate differentials and our balance of international payments.

In Georgia, 1960 was a reasonably good year, with a better-than-average gain in farm income offsetting a slightly below-average performance in factory payrolls. In 1961, Georgia's economy should at least keep pace with the U. S. average.

MARK W. CRESAP, JR.

President, and Chief Executive Officer
Westinghouse Electric Corporation

The long-range prospects for the electrical manufacturing industry are aptly summarized by the fact that in the next 20 years the United States will build new electrical generating capacity equal to the world's total output today.

Mark W. Cresap, Jr.

The immediate prospects are less clear. In the year ahead, the industry's level of activity should parallel the general economy with an increase in business more evident during the third and fourth quarters than during the first half of the year. Although the backlog of orders has held steady during 1960, the industry's sales in 1961 will probably be down slightly from 1960 sales levels.

The sale of electrical products for commercial and industrial construction increased 4% in 1960. This business is expected to remain stable in 1961 as construction and modernization programs continue to provide support for the over-all economy.

Shipments of apparatus for the generation of electricity often indicate the volume of all types of capital equipment being delivered to customers. In this respect, shipments of electrical generating equipment next year should be up slightly over those of 1960.

The sale of appliances and electrical products for the home should equal or slightly exceed the industry's 1960 levels. As the home building market improves during the coming year, we expect an upturn in appliance sales during the second half of 1961.

In defense, the electrical industry will play a progressively more important role. It will provide the electrical and electronic systems which are becoming more dominant in the complex defenses advocated by the military.

The atomic power field has the greatest growth potential of any area in the electrical industry. The power of the atom, which has been demonstrated in ship pro-

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pulsion and in generation of electricity, now is under development to propel space vehicles as man attacks the frontiers of space.

With the prospect of a satisfactory, though not outstanding sales year in 1961, the most serious challenge to the electrical industry in the months ahead will be the cost-price squeeze on profits. A decline in prices coupled with an increase in labor and material costs has greatly intensified the pressure on earnings. The ability to make inroads on this difficult problem will ultimately determine the degree of success achieved by the electrical industry in 1961.

Efforts to ease the continuing profit squeeze will include increased research activity to accelerate the development and marketing of new products as well as greater capital expenditures to improve operating efficiency.

Westinghouse capital expenditures are expected to increase for the third consecutive year to between $60,000,000 and $65,000,000, with heavy emphasis on plant improvement programs and other cost reduction measures.

Research and engineering development expenditures by the company will continue at a high level to increase scientific understanding and knowledge for future growth, bring new products to market and find better ways to manufacture all products.

During the coming year, Westinghouse will complete and occupy new facilities at its expanded research and development center near Pittsburgh that will be unique in American industry. This center, enlarged to more than double its former size, will bring together at a single site many of the key personnel associated with the company's broad, centralized program of basic and applied research and engineering.

As it moves into its 75th year, Westinghouse is undertaking some of the largest and most significant projects in the electrical industry.

For example, power will be generated in the coming year by some of the 13 giant waterwheel generators the company is supplying for the Robert Moses Niagara power plant, America's largest hydroelectric project. Westinghouse is also:

—Designing a record-sized transformer that is 50% larger than the largest unit presently available.

—Working with a utility that plans to build the nation's largest atomic electric generating station.

—Undertaking a joint project with another utility to determine feasibility of transmitting power at 750,000 volts, more than double the present maximum level in domestic service.

—Making major advances in the conversion of heat directly into electricity.

JOSEPH F. CULLMAN, III

President, Philip Morris Inc.

Domestic sales by the cigarette industry in 1960 exceeded all previous records to reach a new peak more than 4% over the previous all-time high set last year when domestic sales totalled 453,681,000,000 units. Unit and dollar sales of Philip Morris Inc., manufacturers of Marlboro, Parliament, Alpine, Benson & Hedges, Philip Morris regular and the new king size Philip Morris Commander cigarettes, in 1960 also will make new records.

J. F. Cullman, III

1960 will mark the seventh consecutive year in which the company's sales and earnings increased over the previous year and it will be the sixth consecutive year of sales gains recorded by the cigarette industry.

The industry now is entering a period of relative stability in the division of the market by types of cigarettes. Today filter cigarettes share the market about equally with nonfilter brands, whereas before 1953 nonfilter cigarettes accounted for about 95% of the market. However, within the filter field itself, recent figures on consumer smoking preferences indicate that flavor filter brands, such as Marlboro, now account for about 48% of the total domestic filter market, while high filtration products, like Parliament cigarettes, represent 22% of total domestic filter sales. Mentholated filter cigarettes, like Alpine, have 25% of this market and all other types, such as premium quality, premium price products like Benson & Hedges cigarettes, account for the remaining 5% of the filter market.

The mentholated filter cigarette field is the only segment of the filter business to show a significant increase in 1960. Alpine cigarettes, the Philip Morris product in this growing market, is the leading entry among the many new brands introduced by the industry during the second half of 1959.

The new king size Philip Morris Commander during the four weeks ended December 9 has shown an average increase of 40% in sales over its predecessor. Commander was introduced last fall as a king size cigarette air-made by a revolutionary new technique.

We are particularly pleased with the increases being reported by Marlboro, not only in the United States but in other parts of the world as well. Marlboro cigarettes in the soft package have been showing special strength.

Benson & Hedges cigarettes also have been showing steady upward sales responses to the dramatic and handsome new packet in which the brand was issued starting in the fall of 1960. Sales increases by Benson & Hedges cigarettes have registered as high as 34%. Wherever the new packet has been introduced there has been an immediate sales increase.

Parliament, which features a one-quarter inch recessed filter, has maintained its position as a leader in the high filtration field.

The Philip Morris regular size brand is sharing the general downturn shown by many cigarettes of this type.

In 1960 Philip Morris Inc. became the first cigarette company to sponsor on a regular basis television documentaries dealing with national and international problems. These special telecasts titled "CBS Reports," dealt with the development of the Polaris missile, the financial problems facing the next President, the plight of the migatory workers in the United States, the world refugee problem and highway safety. These five special hour-long programs all were shown on the CBS Television network in 1960 and were bought "sight unseen" by Philip Morris in accordance with the network's policy.

The reaction from the public has been encouraging to us. We have been pleasantly surprised at the overwhelming number of favorable letters we have received. The large volume of mail which has come to us demonstrates that there are significant numbers of people in this country interested in serious subjects that have national and international significance.

By sponsoring this type of program, we feel that Philip Morris has been instrumental in bringing to the American public a new dimension in thoughtful reporting on major subjects of wide interest. Naturally, we hope through such sponsorship to get more people to try our products. However, at the same time, we are demonstrating in action Philip Morris' strong sense of good corporate citizenship. Therefore, on behalf of our larger responsibility to the general public, we are happy to be the first cigarette sponsor willing to accept the smaller audiences such TV documentary programming customarily draws.

We would like to see the quota for burley tobacco increase. There are several reasons why the government should permit more of this tobacco to be grown and made available for domestic and overseas use. First, as world consumption of cigarettes increases, American burley tobacco will lose its percentage share of the market if quotas remain the same. The present high price of burley tobacco makes it less desirable for foreign cigarette manufacturers to use. Secondly, increasing the burley quota would tend to stabilize the price, but, farmers would receive more money in the long run because they would be growing and selling more tobacco.

Indicative of the tobacco industry's increased stature generally and its excellent reputation in government circles is the fact that a world statesman of the calibre of George V. Allen, the former Director of the United States Information Agency has accepted the presidency of The Tobacco Institute, Inc. The Tobacco Institute represents the industry to the public and maintains programs of education pointing up the industry's importance to the economy.

Philip Morris Inc., along with others in the industry, also is continuing to devote time and money to the Tobacco Industry Research Committee. Since its inception, the T. I. R. C. has contributed a total of $4,000,000 in funds as grants to independent researchers studying all aspects of tobacco use and human health.

The outlook for continued growth in the years ahead by the cigarette and tobacco industry is very promising. As factors behind our optimism, attention is called to three important trends:

(1) The greater than average increase in the growth of the world's population in the 20 to 35 age group, which smokes more cigarettes than any other age group.

(2) The continuing increase in the number of women smokers.

(3) The very strong overseas demand for American type cigarettes coupled with the fact that in less mature economies abroad cigarette consumption is growing at an even faster rate than in the United States.

L. M. CURTISS

President, American Investment Company of Illinois

This will be a year of progress for the consumer finance industry, although the amount of progress will be directly related to the consumer's confidence in the economy and in the stability of his future income. The business climate of the latter half of 1960 will continue for at least the first three months of 1961. We cannot see any substantial improvement immediately in unemployment, consumer income or consumer purchases.

L. M. Curtiss

The consumer finance industry, which depends directly on the consumer's willingness to obligate his future income for present purchases or borrowings, will definitely be in a buyer's market. While good business will be available, we do not expect the industry to develop quite the growth in 1961 which it has traditionally done since World War II. Nevertheless, there will be appreciable growth during 1961, particularly if additional states adopt workable consumer finance laws. Generally, however, only those companies that aggressively seek new business will approach their traditional growth rates.

Net earnings of the consumer finance industry should continue to be satisfactory even though the rate of growth in volume of loans may tend to be a little slower during 1961. The earnings assets of consumer finance companies are the customer receivables outstanding at any given time. Most companies will enter 1961 with customer receivables at record highs. These receivables will provide the bulk of the industry's net earnings during 1961.

The second half of 1961, and particularly the fourth quarter, should see an increase in business activity. The factors predicted to produce the "boom of the '60's" are still present. In the consumer finance industry, the "boom" factors are a rapid increase in total population, a substantial increase in the group of 20- to 30-year olds, and an increased rate of family formations. We look for an influx of new customers in the latter part of 1961 as well as a wider use of consumer finance among existing customers.

It is apparent to us that consumer confidence has been lagging in recent months and we cannot see a resurgence of confidence until late in '61. Consumer buying and borrowing have become recognized as major factors affecting economic growth. Until some of the uncertainties now existing in major segments of our economy have been reduced, we do not believe that the consumer will be willing to obligate his future income for the purchase of major durables. Consumer demand for services should continue at high levels, however, and to this extent the economy will get assistance from consumer spending. Financing of these services generally is not done by consumer credit. To the extent that the cost of these services puts a strain on the consumer's budget, he will continue to use the "safety valve" service of the consumer finance industry. Traditionally, the consumer finance industry has obtained the major part of its business by assisting the consumer in "the consolidation of bills".

Most state legislatures will meet in 1961 and it is hoped that a number will amend present laws to provide for larger maximum loans and some increases in the rates of return for companies operating in the consumer finance field. Such amendments will assist companies in this industry in meeting ever-increasing costs of operation. In addition, workable consumer finance laws may be adopted in additional states. This will permit expansion into new areas, increasing both the volume of business and potential earnings.

Due to general business conditions, we of American Investment expect to have to work a little harder in order to continue our company's customary growth in the first part of 1961. But that extra effort will put us in excellent shape for taking full advantage of the upturn in the economy that we expect late in 1961.

JAMES M. DARBAKER

President, and Chief Executive Officer, Copperweld Steel Company

Our company is continuing to push its expansion and improvement program even though the steel industry is operating at a low rate.

The reduced tonnage in the steel industry in 1960 resulted from a "catch-your-breath" dip in the nation's economy. Our long-range outlook is for continued growth and we are planning accordingly.

James M. Darbaker

We do not expect 1961 to be a record year, but we do feel that it may prove to be a moderately good sales-volume year. We anticipate that business will be more competitive and we are taking steps to help increase efficiency, reduce costs and improve service.

Copperweld is adding to its product range at all of its manufacturing divisions through a multi-million dollar expansion program started late in 1959. Many of the projects will be completed during the first half of 1961.

Wire and Cable Division

The Wire and Cable Division at Glassport, Pa. had a very good year in 1960. An increase in inquiries and orders for shipment early in 1961 is evident for many products.

Power, telephone and railroad industries purchased large quantities of Copperweld line wire, guy wire and messenger strand, and government defense agencies used Copperweld products extensively in large antenna installations.

Alumoweld, the company's new aluminum-covered steel wire, has gained excellent acceptance in the power field for use as guy wire and overhead ground wire on major transmission lines. The communications industry also is showing substantial interest in Alumoweld.

New developments in the technique of manufacturing Alumoweld wire and strand will substantially increase the original estimated tonnage capacity of the equipment now in operation.

Superior Steel Division

Superior Steel Division at Carnegie, Pa. reported a slow-down in sales of stainless, high carbon and alloy strip. This has been the general trend industry-wide as the result of the inventory accumulation brought about by the steel strike of 1959.

Despite decreased sales, Superior Steel Division has participated in Copperweld's over-all expansion program. New slitting lines are nearly complete and facilities have been modernized to the point where the division can now handle coils up to 60" O.D. or 12,000 pounds maximum.

The new 25-inch Sendzimir rolling mill turned out considerable tonnage during 1960 and will be of particular value when demand requires a higher production rate.

Other improvements currently being pursued include

a new strip grinding line and a new bright annealing line, both of which will be in operation early in 1961.

Aristoloy Steel Division

Aristoloy Steel Division at Warren, Ohio, reflects generally the low operating rate of the steel industry. A low point was reached in the third quarter and a slow recovery was in evidence at the year's end.

Several plant improvements were undertaken during the year, including a three-hole block of soaking pits and auxiliaries, a roller hearth annealing furnace and a magnetic particle inspection unit for blooms and billets. In addition, a new vacuum x-ray spectograph, a Bal Phot metallurgical microscope, a camera and a dilatometer were purchased for the laboratory so that product research and quality control would continue at a high level.

Ohio Seamless Tube Division

Ohio Seamless Tube Division, located at Shelby, Ohio, maintained a relatively good shipping record during 1960. A major expansion program was launched to double the plant's tonnage capacity.

This division is adding two new electric weld lines to produce heavy-wall steel tubing. These lines should be in operation by the second quarter of 1961 and will increase the range of sizes of welded tubing.

With completion of the present expansion program, Ohio Seamless Tube will be in a much stronger marketing position.

Flexo Wire Division

Flexo Wire Division at Oswego, N. Y., is Copperweld's entree into the space age. Millions of feet of the wire and cable made by this division are used in the launching of missiles and space vehicles. Flexo's capabilities for the production of critical materials in this important market are steadily increasing. It is anticipated that space project demands for the division's products will increase to billions of feet per year.

Like the other divisions of Copperweld, Flexo, too, made many improvements in production, facilities, such as high-speed stranders and a new tin line. A new method was developed for tinning wire to produce a heavy coating for several specialized industries.

Copperweld International

Copperweld Steel International Company recorded higher sales in most of the 70 foreign countries in which it conducted business in 1960. Indications are that with the excellent foreign interest and acceptance of Alumoweld, Copperweld International will continue to grow.

R. C. DALY

President, George A. Fuller Company

It is estimated that the construction industry will install slightly better than $50 billion worth of work during the year 1960. This compared with the gross national product of slightly over $500 billion indicates that the construction industry is a very large segment of our economy. Fortunately, volume in the construction industry is slow to get rolling, but on the other hand, hard to stop after once started since the lead time for development of plans and the actual construction work in most cases extend over one year in time.

R. C. Daly

In making predictions for the outlook of our industry for 1961, the basic factors influencing the industry must be considered. They are the availability of money, the interest rates charged on this money, the cost of construction in place, and the appropriations made by our Federal, state and municipal government for construction. In viewing the criteria, it appears that money is easing and that interest rates are dropping slightly. The government appropriations, particularly in the military field of defense, are favorable for 1961. The only deterring factor is the rise in construction costs which have been influenced by the continual annual raises in wages in the construction industry without the corresponding gain in production. There has been no exception in 1960, and the majority of the contracts call for an additional raise in 1961.

Despite the industry's strikes during the 1960 contract negotiations, the indicated volume for 1960 is approximately the same as that of 1959, and because of these work stoppages, considerable work which would have been executed in 1960 is now carried into 1961. This coupled with the fact that the volume in planning exceeds the volume of work being executed, is an indication to me that the volume for 1961 should be at least as good as 1960, and without any unexpected roadblocks, will probably exceed that of 1960 by 2 or 3%.

RUSSELL L. DEARMONT

President, Missouri Pacific Railroad

In 1960, the railroad industry felt the impacts of the generally unfavorable economic conditions that prevailed throughout most of the year. Missouri Pacific was not immune to those effects despite the continued industrial growth and relative prosperity of its 11-state territory in the midwest, south and southwest. Carloadings for the year will be around 2% under the 1959 totals.

Russell L. Dearmont

Operating revenues are expected to total about $298 million, reflecting a downward trend of about 2% under 1959. The increase in wages and payroll taxes will amount to almost $4.3 million for the year. These higher costs will be offset to some extent through increased operating efficiencies and by increases in freight rates and mail payments during the latter part of the year. This passing year saw much improvement to the physical properties of the Missouri Pacific Railroad, as well as witnessing the inauguration of several projects that will carry into 1961. The huge, double crest, automatic, electronic freight car classification yard at Kansas City was placed in full operation, while a similar yard, though with only a single crest, was begun in North Little Rock, Ark.

Major acquisition of new equipment in 1960 included locomotives and freight cars. Twenty-four 1800-HP general purpose diesel locomotives were purchased, their new performance characteristics being equal to 30 of the older type freight engines.

The nation's freight car fleet will be augmented this year by the completion of 1,050 new Missouri Pacific cars of various types, built in the company's DeSoto, Mo.,

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Detroit Exchange Names Officers

DETROIT, Mich. — The Detroit Stock Exchange has announced the election of the following officers for 1961:

President — Charles E. Exley, Charles A. Parcells & Co., (reelected); *Vice-President*—Walter A. Bayer, F. J. Winckler & Co. son White & Company. M. Edward

Treasurer — Roy F. Delaney, Hudson White & Company. M. Edward Denny was reappointed Executive Secretary and Examiner.

Governors (For a three-year term): Richard B. King, Merrill Lynch, Pierce, Fenner & Smith Inc.; Paul D. Richmond, Watling, Lerchen & Co., and Herbert Schollenberger, Campbell, McCarty & Co., Inc.; (For a two-year term): Henry Vandervoort, Nauman, McFawn & Co.; (For a one-year term): Charles E. Exley, Chas. A. Parcells & Co.

The other Governors making up the 11-man board are:

Walter A. Bayer, F. J. Winckler Co.; William P. Brown, Baker, Simonds & Co., Inc.; Roy F. Delaney, Hudson White & Co.; Peter M. Macpherson, Detroit Stock Exchange; Roy W. Neil, Andrew C. Reid & Co., and John K. Roney, Wm. C. Roney & Co.

The following reappointments were made:

William A. Walker of Dickinson, Wright, Davis, McKean & Cudlip as Counsel: Edwin H. Bower, C. P. A., of White, Bower & Prevo as Auditor.

Now With Hill Richards

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. — Douglas L. Johnson is now affiliated with Hill Richards & Co., 120 South Lake Avenue. He was formerly with Republic Securities Co.

Now With Denault

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Jeffrey T. Lee is now with Denault & Co., Russ Building. In the past he was with Mitchum, Tully & Co.

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plant, at a cost of almost $11 million. Additionally, several thousand freight cars will have received various repairs during the year. A notable adjunct to the repair program was the $1.2 million expenditure for special journal box lubricating devices to eliminate hot boxes.

A piece of entirely new railroad track, some 27 miles long, was laid in southwest Missouri to serve a new iron mine development in the area. Finished during this year, it will shortly begin revenue service for carrying mining equipment and machinery to the mammoth new workings. These were but parts of the multi-million-dollar improvement program that was worked on over the year and which included activity in some 22 categories of railroading.

Brightening the freight traffic picture for the railroad in 1960 was the number of new industries located on Missouri Pacific tracks, along with expansions of existing private facilities.—During 11 months of the year, 156 new companies, with an estimated capital investment of over $37.8 million, came into being, while 113 others expanded, representing an additional capital investment of $60.1 million.

So far as the economic outlook for 1961 is concerned, Missouri Pacific expects carloadings to be about the same as 1960. Having the full-year benefits of higher freight rates and higher mail payments, granted during the latter part of 1960, net income is expected to be slightly higher.

However, realizing that its physical plant must be maintained and improved to meet the challenge of competition not only within the industry but from outside, the company's board of directors, at its November meeting, approved a modernization program for 1961 totaling $31.8 million, of which $12 million is to be used for building 1,150 new roller bearing-equipped freight cars in the company's shops at DeSoto, Mo. The remainder will be spent on additions and betterments to the property generally.

In the latter category was the board's authorization for still another electronically operated freight car classification yard, this one to be built at McGehee, Ark. Expected to be completed in late 1961, the new yard will improve service by expediting traffic and will produce maximum efficiency in operations between St. Louis and Memphis on the north, and New Orleans and the cities of Texas in the south and southwest. With the facilities of the currently-building automatic yard at North Little Rock augmented by the new McGehee yard, the necessity of classifying traffic on through trains at northern and southern terminals will be eliminated, resulting in improved service to the public.

Any contemplation of the future traffic pattern of modern-day railroading must necessarily include a review of the phenomenal interest in the growth of piggyback freight handling. Originally a simple highway vehicle trailer on a flatcar, the piggyback idea has been adapted to a variety of commodities employing the use of tractors, trailers, closed and open body containers, refrigerator units, demountable bodies free of wheels and now has found wide acceptance as a less expensive yet fast method of shipping automobiles from assembly plants to dealers.

Missouri Pacific has been in the truck-rail business since its inception, adapting its operations to the changing demands of its shippers. The railroad has on order, and will receive in 1961, 60 bi-level and tri-level car frames for handling piggyback shipments for new automobiles. The new assemblies are in addition to 90 ordered this year.

In the interest of better service for shippers and travelers, the industry continues to need relief from oppressive regulation and relief from discriminatory taxes at Federal, State and local levels. It needs relief from mounting pressures of continued higher wage demands without corresponding adjustments in work rules.

One small crack in the hitherto solid armor of unremitting adherence to old-fashioned work rules was the recent repeal in North Dakota of that state's excess crew law. The so-called full crew laws on the statute books of other states still continue to saddle railroads with unnecessary train employees. This situation in Arkansas costs the Missouri Pacific alone almost a million dollars a year.

Some surcease from the problems at the Federal level was received through the so-called Transportation Act of 1958. It helped, but the industry knew it was not enough and the railroads still remain plagued with a national transportation policy that falls far short of giving the carriers equal rights with others in the transportation industry.

Subsidies that aid air, water and highway carriers should stop; the discriminatory wartime Federal excise tax of 10% on passenger tickets should be repealed; regulations that grant unfair advantages to competing carriers should be repealed and the railroads given the right to diversify their services to provide a "one-package" transportation service for their patrons.

Whether or not the new Presidential Committee, appointed to consider the whole railroad picture, will be able to bring about a new concept of labor-management relations and succeed in gaining acceptance of its findings by all concerned remains to be seen. In any event, the end result is not likely to be felt in 1961; therefore, the rail industry must be prepared to operate under present conditions for the time being.

The railroad picture of the future looks bright, particularly if the industry is given wider opportunities to operate with less restrictions in the area of the entire transportation field. The railroads look forward with confidence to continuing to be the strong backbone of America's transportation system which has always been their traditionally proud role.

HARRY A. DEBUTTS

President, Southern Railway System

Predictions that the industrial South will continue its amazing growth have been made often, and, always, accurately, in the past few years.

Harry A. Debutts

Whatever the general economic climate, the South's enthusiasts—and I certainly must be counted as one—cannot help speaking in glowing terms of the South's expected growth in 1961 and the years beyond.

Several hundred business planners in and out of the South have already anticipated us with the kind of "predictions" that not only foretell growth but help assure it.

They have broken ground for more than 300 industrial projects along Southern's lines in the first 11 months of 1960—for new industries, for large new warehouses and distribution centers, and for major expansions of existing plants.

Spending in excess of $350 million has been done or is authorized for these industrial developments already under way. Other projects we know to be in the final planning stages may well have raised that total by another $100 million before this is read.

More jobs, larger payrolls, increased opportunity for allied industry and expanding markets for consumer goods and services is, happily, a natural consequence.

Southern Railway, too, continued with growth preparations in 1960 for its territory.

After careful study of trailer-on-flat-car possibilities, the railway signed up with Trailer Train Company, largest piggyback car pool in the country, and filed extensive piggyback tariffs with the Interstate Commerce Commission.

Southern concluded an agreement, subject to ICC approval, to buy control of the Central of Georgia Railway. This is the latest of Southern's efforts to expand service by allying smaller railroads with its 8,100-mile system.

New car designs were introduced in customer service, including hopper and gondola cars that weigh less and carry more because of the extensive use of structural aluminum, and box cars with hydraulically cushioned underframes to protect fragile freight from damage.

Through a subsidiary, the railway acquired a substantial interest in Republic Carloading and Distributing Company, Inc., the country's third largest freight forwarder.

Orders were placed for $5.3 million worth of equipment to set up the nation's largest private microwave radio communications system along the main line from Washington to Atlanta.

We believe that the South's further progress, like the nation's peacetime commerce and defense needs, will depend to a great degree on strong railroads equipped with the latest tools used imaginatively to provide "custom-tailored" service for people and industry.

We have worked—and will work—to make Southern Railway that kind of railroad. In another major step toward this end, Southern "stream-lined" its direct shipper contact services when it united its operating and traffic departments under an executive vice-president.

And while we hope for changes in transportation regulation that will permit railroads to compete more fully and diversify their services more helpfully, we intend to do everything possible within the framework of present regulations to create convenient, economical transportation service for the industrial South we are helping to build.

GEORGE S. DIVELY

Chairman and President, Harris-Intertype Corp.

As we enter the new year the economy appears to be undergoing an uneven but somewhat moderate "cyclical adjustment." This business lull has not yet formed a solid base from which to start a new general upward trend, but many forecasters are predicting a return to normal growth of the economy by the latter half of 1961.

George S. Dively

One basic aspect of the national outlook is becoming all too clear. In a statement made last year at this time, I said, "The threat of greatly increased foreign competition resulting from noncompetitive wage and price levels in the United States compared with the rest of the world continues to be a fundamental problem. To combat this threat . . . will require deeper recognition by government, labor and management that unsound wage and price levels can cause dangerous unemployment and costly 'dollar deterioration.' "

The fact that the country is not yet really facing up to this problem is dramatized by rising unemployment figures and gold deficit headlines. The economy will undoubtedly continue to be plagued with this problem, until "hard action" is taken to alleviate postwar laxity in allowing ourselves to be lulled into "unemployment-producing" wage and price levels.

Printing, Publishing and Broadcasting

One of the steadiest growth trends of the past 15 years exhibited itself again in 1960: American advertising expenditures continued to climb despite sluggishness in general business. Total advertising receipts increased about 7% last year, with newspapers, magazines, commercial printing, spot radio and TV, all sharing in the gains.

As a result, 1960 was a good year for most of Harris-Intertype's customers in the printing, publishing, and broadcasting industries. (They receive about 75% of their income from advertising expenditures.) It seems probable that this favorable activity will continue in 1961, as the demand for advertising to build sales continues to expand, and as advances in printing equipment and technology help to speed production of all kinds of colorful printed material.

Company's Progress

Harris-Intertype is making good progress in its current five-year growth program. This is an acceleration of the pattern developed over the past five years or so, and is based on obtaining about half the corporate growth through strong internal research and product development and about half through company acquisitions.

Product development continues at an accelerated rate, with a diversity of new products recently reaching the market. Included are automatic keyboardless typesetting machines, 25% faster than before; new sheet-fed lithographic presses to print boxboard sheets for multicolor cartons and new roll-fed litho presses for catalogs and advertising brochures; fast rotary presses that print from thin, flexible letterpress plates for the first time; 50-kilowatt radio transmitters requiring only half as much space as before, and a variety of new instruments for measuring and controlling microwave energy.

The firm's continuing acquisition program, which has resulted in the purchase of six companies since 1953, is directed toward companies with complementary equipment and supply lines in the printing and publishing field, and communications equipment and instrumentation in the electronics field.

J. DIAZ-HERNANDEZ

Director of Industrial Promotion, Continental Operations Branch Economic Development Administration of Puerto Rico

Puerto Rico's net income rose to a record high of $1.3 billion during 1960, and economists predict that by 1970 it will have more than doubled to $2.7 billion. Per capita income is expected to rise from the present $571 (highest in all Latin America) to $1,000 during the decade.

J. Diaz-Hernandez

Respected for its forward-looking and democratic government, Puerto Rico has close ties with the United States. A Freely Associated State, Puerto Rico shares with the U. S. a common currency, postal system, and citizenship. Because the Commonwealth's representative in the U. S. Congress has no vote, U. S. taxes do not apply there. U. S. mainland investments in Puerto Rico are as safe as in any State of the Union, protected by both the U. S. and Puerto Rican constitutions.

With "Operation Bootstrap"—the Commonwealth's self-help industrialization program—going into its twelfth year, Puerto Rico boasts a total of more than 650 U. S.-based manufacturing operations. Shipments from these "Bootstrap" plants to the continental U. S. reached an all-time high of $380 million during 1960—a 10% increase over 1959. Imports of stateside goods showed a comparable rise to $760 million and purchases from the European Common Market rose to well above $29 million.

Trade with the ECM has more than doubled in less than two years and is indicative of a new, more international, trend in Puerto Rico's economic development.

Establishment of a U. S. Foreign Trade Zone in Mayaguez made 1960 significant as a milestone in Puerto Rico's development as an international business center. Created in cooperation with the Federal Government, the Zone is much like others operated under the U. S. flag and a little more—it is the first to permit, and actually encourage, manufacturing within its limits; it is the first to be located outside the continental U. S. With approval of the Federal Foreign Trade Zone Board, manufacturers are permitted to establish sub-zones throughout Puerto Rico—that is, they can establish any place on the island and operate as though located in the Mayaguez area and receive the same benefits. U. S. and foreign companies which establish manufacturing facilities in the Zone are eligible for the same incentives offered to all "Bootstrap" firms.

Also, as a site for International Trading Corporations, Puerto Rico is emerging as a major sales processing center for U. S. firms engaged in overseas transactions. Such firms can set up International Trading Corporations in Puerto Rico as branches of foreign subsidiaries already existing in any of the 40 nations which do not tax "off-shore" income. The ITCs based in Puerto Rico could then:

Solicit orders from customers outside Puerto Rico.

Accept these orders in Puerto Rico.

Place orders with local or foreign suppliers.

Prepare or indorse shipping documents.

Keep records and accounts locally.

Receive in Puerto Rico proceeds of such sales and deposit them in local banks.

Spearheading Puerto Rico's rapid economic gains and emergence as a Caribbean distribution center for world markets, was the Commonwealth's Economic Development Administration which in 1960 promoted a record 145 U. S. plants and has set a 1961 goal of 221 plants.

Among EDA's 1960 promotions were such well-known U.S. "blue-chips" as Union Carbide (which added a $29 million polyethylene plant next to its already operational ethylene glycol installation), Johnson & Johnson S. A., Kayser-Roth, Parke Davis (which plans to expand its $2,000,000 plant in San Juan), American Can, Star Kist Foods, Sherman Classics, Allied Paper, Jantzen, Universal Textile Mills, and the Colgate-Palmolive Co.

Star Kist's $3,000,000 tuna cannery, expansion of Van Camp's Puerto Rico affiliate, and plans for a new California Packing Company operation on the island marked 1960 as a high-point in the development of Puerto Rico's burgeoning food-processing complex, and the Commonwealth is now considered well on its way towards becoming one of the world's major tuna canning centers. In 1960, more efficient shipping methods, including new trailership and jet air cargo services contributed to sustained industrial growth. Many more U. S. manufacturers turned to Puerto Rico as a result of a growing profit squeeze caused by rising production costs.

Product diversification and integration of the island's economy were two other outstanding trends in Puerto Rico during the past year. New manufacturing operations included rice milling, color TV assembly, and the production of chlorine caustic soda; new products included talcum powder, bathing suits, fire alarms, and toothpaste.

Tourism kept pace with industrial development in 1960, with Puerto Rico playing host to 450,000 visitors from the States — visitors who spent a record $60 million while vacationing on the island.

To meet increasing demands for information on expansion to Puerto Rico and other phases of the "Bootstrap" program, the EDA opened an office in Philadelphia with a Boston office scheduled to open early in 1961. These facilities join offices in Chicago, Los Angeles, Miami and New York headquarters at 666 Fifth Avenue as Bootstrap's operation in the U. S.

Puerto Rico and "Operation Bootstrap" have accomplished much in the last 11 years. Once known as the Poorhouse of the Caribbean, Puerto Rico is now referred to as a Showcase of American Democracy. During 1960 alone, record increases were made in Gross National Product) up 10% to $1,600 million, in public and private investment (which now totals 21% of GNP), in net income derived from manufacturing (up 16% over 1959), and in family income (up $250 to $2,700).

New records breaking the old is not, however, the whole story. Puerto Rico still faces many problems, and although per capita income has risen 367% since 1940, it is still less than that of the poorest State. Unemployment hovers around 14%, and there are towns in the Commonwealth's interior which still have no factories.

For EDA this means renewed effort. It means seeking new markets as large as those "Bootstrap" already reaches. It might mean doubling either the efficiency of an already effective sales effort or the size of that effort or both.

With 11 years of success behind it and a 1961 goal of more than 200 new plants, "Operation Bootstrap" is facing Puerto Rico's still unsolved problems with hope engendered by close association with the United States and a resultant atmosphere of continued political stability.

HON. EVERETT McKINLEY DIRKSEN

U. S. Senator From Illinois
U. S. Senate Minority Leader

WHAT'S AHEAD?

Nineteen hundred and sixty is gone. Like an old soldier, it just faded away. The postmortems are over. Like a coroner's inquest, they are soon forgotten. Eyes are lifted to the new Frontier—or are they? There is a new mandate—or is there? Will there be an administrative — legislative blitz? What of the GOP? What of this crazy world? News from the Congo sounds like frenzied voodoo. Shells still fall on Quemoy. The Lion of Judah and his cub son—the Prince—are at odds in Ethiopia. The stock market is uneasy. Gold flows out. Goods flow in. The number of jobless increases. As Dickens said in The Tale of Two Cities, "it is the best and worst of times". So what is ahead? To know—ah, to know—would be to become rich or famous, or just plain content.

Hon. E. M. Dirksen

Three basic—and I daresay—indisputable facts provide a clue. The first was stated by Ecclesiastes so long ago. He wrote that "The thing that hath been, it is that which shall be." True or false? Well, one can easily cite editorial comment over 130 years in the life of this Republic to prove that the same basic problems, the same emphasis on creature issues, the same fears, the same differences of opinion obtained which are today the subject of comment, speculation, and plain guessing.

The second is that what might happen will be nothing more than the impact of human judgment and personality upon what is here. The dimensions of our problems may be different, but the approaches will be the same because human nature has changed but little under the sobering and chastening touch of civilization in thousands of years. How will it express itself? Watch as the new Congress comes to grips with the first controversial proposal from the new Administration. There you can witness the recurring struggle between the spending school and the frugality school, between the budget busters and the budget defenders, between the Keynesians and the anti-Keynesians, between the centralizers and the anti-centralizers, between the national interest and the group interests, between the collective philosophy and individualism. All of the weaknesses which have marked the course of mankind for thousands of years will be manifest. So our real progress will be measured as it always has been, by the constant, intelligent, undramatic impact of human personality on what is here.

Finally, there is the fact of continuity. Phrase makers speak easily of a new era. Except as war and dire panic punctuate the years, there are no eras, if by era they mean a time period from a date which marks beginning and end. The life of a nation is a continuous pattern. In fact, the continuity, the sameness, the parallels, the recurrence of the same challenges is fairly astonishing.

"Come now with corn," said the tax collectors of Pharaoh 4000 years ago. That was the ancient tax collectors' way of saying, "Come forth with your taxes." And in 1961, we shall wrestle with dividend credits, depreciation, tax reform, tax reduction, tax deductions for retirement plans for self-employed. The difference is only in dimension and kind.

From the day John Deere toted a plow from Vermont to Illinois, the farm problem has been incubating. It is still here and attention will be focused on food banks, food stamps, surplus disposal, price supports, marketing

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Wall St. Cashiers Name Officers

Peter Krysko of Allen & Company has been elected as President of The Cashiers Association of Wall Street, Inc. for the year 1961, it has been announced.

The following also were elected: Anthony J. Kahwaty of P. F. Fox & Company, to serve as First Vice-President; Charles B. Webber of The First Boston Corporation, as Second Vice-President; John A. Nevins of Model, Roland & Stone, as Treasurer, and Raymond R. McAuley of Halsey, Stuart & Co., as Secretary.

The following were named directors of the association: George Boggiano of R. E. Dickson & Co., Inc.; Frank A. Flaherty of A. C. Allyn and Company, Incorporated; John J. Kelly of the National Association of Securities Dealers, Inc.; Henry Israel of F. P. Ristine & Co.; James A. McCorkell of F. Eberstadt & Co.; John J. MacPherson of Shearson, Hammill & Co.; Herbert L. Nicolson of The Chase Manhattan Bank; Christian W. Rossworn of Union Pacific Railroad Co.; Raymond B. Vreeland of Blair & Co. Incorporated; and Chester F. Ward of Cities Service Co.

Now First Nat'l Secs.

The firm name of Mutual Funds Securities Corp., 39 Broadway, New York City has been changed to First National Securities Corp.

Now M. Kaufmann Co.

Max Kaufmann is continuing his investment business under the firm name of M. Kaufmann Co. Offices are located at 15 Park Row, New York City.

Forms J. D. Mayor Co.

NORTH MIAMI BEACH, Fla. — J. Donald Mayor, 1061 N. E. 178th Terrace, is continuing his investment business under the firm name of J. D. Mayor & Co.

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quotas and whatever inventive minds can contrive. Yes, it is a continuous business.

The Wagner Act became the motive power for the organization of employees in every sector of our economy. Just as Congress came to deal with the abuses in industry and transportation and monopoly three-quarters of a century ago, so it came to deal with labor abuses in our time, and in the days ahead there will be an effort to legalize secondary boycotts, repeal the authority of states to legislate on right to work, set Federal standards for jobless compensation, amend the Wage-Hour Law, provide loans and grants for chronically depressed areas and other proposals.

"To promote the general welfare," says the Preamble to the Constitution. The term is deeply imbedded in our nomenclature and has become rather all-inclusive. The first Federal Housing Act came a quarter of a century ago. Today, welfare includes housing, urban renewal, school construction, teachers salaries, social security, college dormitory loans, medicare for the aged, stream pollution, air pollution, scholarships, and who shall say what else.

The common defense is also an all-embracive function. From the First Congress in 1790 until now, it has been a part of the governmental pattern. It differs only in depth and today includes not merely the Armed Services, but space, mutual security, foreign bases, and the endless and costly business of research and development. If proposals are submitted for the reorganization of the Defense establishment, they will consume much time in discussion.

The age-old hopes and dreams of peace, so deeply imbedded in man's nature will call forth measures in the broad field of disarmament, nuclear limitations, an extended "Food For Peace" program, economic assistance, Latin American relations, and, of course, the bearded bad boy of the Caribbean.

The catalogue of promises and pledges is long and varied, and no one can contemplate a plan to sustain the world and provide succor, relief, security, medical care, subsidies, supports, grants in aid, loans and every known form of assistance to our own people without deep concern about our own economy to produce and provide all this. The budget, the national debt, the outflow of gold, the assaults on the integrity of the dollar, the impact of foreign exports upon the American economy, and every other fiscal factor will beget particular attention. For what would it profit to succor the whole world and in the doing, lose freedom, the vitality of our free market system, and solvency at home. But what has been will be, the whole pattern of the future is no unfamiliar, and the correctness of human judgment plus political power will tell the story.

CRIS DOBBINS

President, Ideal Cement Company

Present conditions in the cement industry are characterized by continually increasing productive capacity and shipments not as good in 1960 as they were in 1959. Last year, excluding Puerto Rico, shipments from U. S. mills were 329,626,000 barrels. It now appears that shipments for 1960 will be right at 305,000,000 barrels, off about 7½% from the preceding year.

Cris Dobbins

It is no news by this time that the heralded boom for 1960 and the Sixties in general has failed to materialize as yet. Economic conditions, while perhaps not in a serious downtrend, have been uncertain throughout the year.

With regard to construction, the housing program has not come up to expectations. In some parts of the country the highway program has been in the cement-consuming stage but in many others not. Nationwide there has probably not been much more cement used on the highway program in 1960 than in 1959, although the prospect for 1961 in this regard is much better. Industrial construction maintained a good level through the first five months of the year by which time the uncertainty of the economic situation apparently caused a cutback in capital outlay on the part of industry. At the present time this trend seems to be changing and the prospects for 1961 are somewhat better.

Perhaps the most significant development in our industry this year is the resolution of the percentage depletion problem. After eight Federal Circuit Courts had upheld the position of the taxpayer in calculating percentage depletion on the basis of finished cement, the Supreme Court on June 27, in a unanimous decision, reversed the Circuit Court rulings in the Cannelton Case. While this case was not directly concerned with cement, but with the extraction and processing of clay and its finished products, the decision generally has been construed to mean that a cut-off point prior to manufacturing should be used rather than end-product value.

At about the same time, on June 30, 1960, an amendment to the Internal Revenue Code was enacted to become effective Jan. 1, 1961, fixing the cut-off point for the percentage depletion calculation at the introduction of cement-making materials into the kiln. This fixed for all future years the formula to be used by the industry, but left settlement for past years unresolved. On the last day of the 86th Congress legislation was enacted giving cement companies an option to use this same cut-off point for all open past years (including 1960), or alternatively to await further clarification of the law through continuing litigation. It is my understanding that most companies have elected the kiln-feed cut-off point option for the past open years and, as mentioned, this cut-off point is now the law for future years.

Since practically all companies for the years 1957, 1958, and 1959 had reported earnings on the end-product value, this means not only a restatement of earnings for those years but the making of substantial additional payments prior to Feb. 28, 1961. Even for those companies who had not changed their method of reporting, the outcome of this whole question is costly in terms of dollar payment of tax deficiencies. The favorable aspects of the outcome are that the claims and counterclaims can finally be removed from cement company reports to the stockholders and that rules are fixed for future years. Perhaps another favorable aspect is that the kiln-feed cut-off method, being sounder and more reasonable should make less attractive the entry into the cement business of outside interests, and hopefully discourage the continued construction of unneeded capacity.

The trend of consolidation of cement companies continues, as does the trend of absorption of cement companies by large outside industrial firms. It is still too early to tell what effect this may have on the cement industry as such. Because of its many peculiar characteristics I am confident that the cement industry will continue as an entity in spite of the disturbing changes and realignments of ownership interests.

Based on carefully made market studies, we are of the opinion that the cement business will be somewhat better in 1961 than it was in 1959. Speaking for our own shipping areas we are looking forward to better shipments in the new year than we experienced in the year just closed. Our backlog of contracts and commitments is at the highest point it has ever been for this season of the year. With increased costs of fuel, power, labor and rail and truck transportation the need for higher prices for our product is becoming apparent, but we are not hopeful of getting increases of any consequence at least during the first half of 1961.

R. P. DOHERTY

Chairman of the Board, and Chief Executive Officer, The National Bank of Commerce of Houston, Houston, Texas

The year 1961 is likely to be a year of "rolling recovery" that will lead us into another period of gradually improving business conditions. Business barometers probably will continue to present a mixed or spotty picture for a few more months, but most measures of economic activity in the nation seem likely to be pointing upward again beyond the middle of the year.

R. P. Doherty

Despite increasing discussion on the underlying causes of the slight decline in overall economic activity since last Summer, the professional forecasters seem to generally agree that the nation's economy will be on an upbeat again within a few months. No severe recession seems likely. The slight letdown in recent months has shown no signs of turning into a cumulative contraction.

The adjustments experienced since last Summer have been centered largely in heavy industry, in residential construction, and in consumer durable goods. Because the adjustments have seemingly moved from industry to industry, the slowdown and mild letdown has been referred to as a "rolling readjustment." It seems logical that resumption of expansion later this year will have similar characteristics; that is, we will experience an expansion that moves from industry to industry as the upturn gains momentum.

Consumer prices are likely to increase 1 to 1½% this year as the cost of services continues to push up. The level of wholesale prices, however, will probably remain relatively stable, with basic commodity and raw material prices showing additional signs of weakness during the year.

The bank credit picture should not change dramatically over the next few months. Federal Reserve authorities are likely to maintain the present degree of ease in the cost and availability of bank reserves until signs of an upturn appear near mid-year. A rapid deterioration in business conditions—not now anticipated—would lead to further credit ease.

A major part of the decline in interest rates for this down" cycle is probably now behind. Slight reductions in money rates and yields can take place as a result of seasonal factors early this yead. How much more than ¼% rates and yields might move down, however, is conjectural. Loan-deposit ratios of money-center banks are still relatively high.

If experience proves the outlook for national business and for credit conditions to be accurate, net operating earnings of commercial banks this year are likely to be down slightly from the record levels of 1960. Interest rates and yields will probably average out for the year at slightly lower levels than for last year. Increases in average earning assets will probably not be large enough to offset effects on operating earnings. Continued increases in operatings expenses will keep net earnings under pressure.

In summary, it is more likely that the pattern of general business will show a slight overall decline into the second quarter of the new year, to be followed by a broad but moderate expansion through the balance of the year. Credit policy will anticipate, if possible, and reflect this mild "down-up" sequence. A gradual reversal of a policy of credit ease can be expected by mid-year. So-called "tight money" conditions of the late-1959 variety will be reached faster than heretofore in the postwar period, but the "boomless" expansion expected in the second half of this year is not likely to generate credit stringency.

FREDERIC G. DONNER

Chairman of General Motors Corporation

Nineteen sixty was a good year for business generally, although in recent months the forward progress of the economy has been influenced by a number of mixed trends. Employment has been at record levels for the fourth quarter. At the same time the level of unemployment remains higher than was normal prior to 1958. Many lines of business are reporting 1960 sales which are not up to expectations, but others did as well or better last year than anticipated and the total volume of sales was close to levels estimated a year ago. The adjustment in manufacturers' inventories has proceeded on a broad front.

Frederic G. Donner

Most importantly, the demand for goods and services has been well maintained, and there remain few excesses and imbalances in the economy which require further correction. With most adjustments already well advanced, there is good reason for confidence in the outlook for 1961.

Nineteen sixty was also a good year for the automobile industry. While the automobile business did not completely fulfill some of the estimates made a year ago, the final results are within 3% to 4% of the typical forecast made at that time. Retail passenger car sales of nearly 6,700,000 are about 10% above 1959 levels. With truck sales of 975,000 units, total retail sales of 7,675,000 cars and trucks make 1960 the second largest year in the industry's history, exceeded only by 1955. This is a fine record in which the industry can take great pride. It reflects the industry's ability to have the types of cars and trucks customers want to buy in the right places and at the right times.

General Motors enters the new year with the most attractive and broadest range of products it has ever offered. Despite the pressure of rising costs, prices for comparable car models have remained unchanged or been reduced since our 1959 models were introduced in the autumn of 1958.

Public acceptance of the 1961 lines of General Motors passenger cars and trucks, introduced last October, has been most gratifying. Dealers' stocks of most of our models and body styles, in the light of current sales, are at a level which provides customers with a wide range of choice. This is in contrast to the situation last year and the year before when labor difficulties created product shortages. Retail sales have been running very close to the record fourth quarter levels of 1955. As in past years the demand for new cars and trucks will depend upon the pace of business generally. With consumer incomes at all-time record levels and with continued consumer confidence, the industry's and General Motor's 1960 sales could be matched or even exceeded in 1961.

General Motors, with planned expenditures at home and abroad for plant, machinery, equipment and tooling totaling $1¼ billion in 1961, is looking forward confidently to serving consumer demands this year and in future years more efficiently than ever before.

ROGER DRACKETT

President, The Drackett Company

Sales and profits of our Company in the current fiscal year ending September 30, 1961, are expected to be about the same, or slightly above those of the preceding year, barring unforeseen, unfavorable national or international developments. These expectations are based on: a half-century in the household chemical product industry; our production and distribution programs for fiscal 1961; general factors favoring expansion in the American economy, such as increasing population, rising construction of homes, growing consumer incomes, greater research and development, and the general outlook for business which promises to improve as the year progresses.

Roger Drackett

The Company celebrated its golden anniversary in 1960 with the largest sales and profits in its history, being $29,958,095 and $2,560,966, respectively. Our sales were 5½% higher than in 1959. Profits for 1960 were up 9.7% over the preceding fiscal year, reflecting improved profit margins, a consequence of production and distribution efficiencies.

Capital expenditures in 1961 will not greatly exceed those of 1960 except for the cost of the Irving, Texas, plant which was authorized last year. Within the last three years the Company spent about $3,000,000 on the building of new plants at East Stroudsburg, Pa., and Toronto, Ontario, and in additions and improvements to other plants. This year should see further consolidation of our policy of decentralization of production.

Overseas expansion is being considered, but definite details have not yet been decided on. Up to now our Toronto plant has not shipped its products outside of

the Dominion, but that plant puts us in an advantageous position to enter overseas markets.

The Company has budgeted 11% more for its advertising in 1961 than in tne preceding year when such expenditures ran 10% ahead of 1959. No major expansion of sales forces is anticipated, barring perhaps the need resulting from acquisitions of other companies or products.

Research and development expenditures this year will approximate those of 1960, which were 23% higher than in 1959. Last year we introduced Twinkle Silver Cream, a product of our laboratories. Its initial sales are satisfactory, but we do not expect it to contribute to 1961 profits. Several new products now are nearing their market testing stage.

This year the Plastic Division will be introducing to the market newly developed sprayers and dispensers that make the outlook encouraging.

The rise in home building, along with an increase in general construction, is expected to lift sales of such items as drain and bowl cleaners, metal polishers and window cleaners.

The Company always is considering acquisitions of other companies and products — a basic philosophy that will be continued in our fifty-first year. Keeping abreast —and if possible, ahead of the rapid national pace of innovation and diversification has proved profitable to the Company. We shall strive to maintain this policy.

SHERMAN DRAWDY

President, Georgia Railroad Bank & Trust Company, Augusta, Georgia

Economic developments during 1961 will amplify what events of 1960 have already adumbrated: the immense value of the commercial banking industry as a counterpoise to economic extremes. No segment of our economy is as near the heart of things, as indispensable to the sound operation and expansion of the whole, as is banking. We are fundamentally a service industry, and our services form the base of America's system of private credit and therefore of its free enterprise system. The wondrous flowerings of the electronic sciences, for instance, would in many cases have perished on the vine if equity financing had not been supplemented by bank credit.

Snerman Drawdy

Banking grows with the economy, sometimes leading, sometimes following, but never at a very great distance. As our economic system flourishes in the development of a complexity of needs, so our banking system responds with the presentation of new varieties of financial service. In-plant banking and revolving credit are two recent examples.

Yet by the very nature of its operations, commercial banking is self-stabilizing. Much has been said about the effect of reduced interest rates, coming on the heels of a deepening 1961 recession which some—I think erroneously—anticipate, on commercial bank earnings. However, as a general principle, total bank resources tend to rise as interest rates decline. This is partly due to operations of the Federal Reserve, such as the recent action of providing more liberal reserve credit for valut cash. But it is also due to the operation of "natural" forces in the economy; for instance, a decline in interest rates means the diversion of excess corporate funds from short-term paper to demand deposits. Thus, when rates decline, banks have a broader base on which to develop profits.

Perhaps the greatest challenge facing banking now—and in the decade to come—will result from two indisputably good economic forces: increasing population and rising personal income. These forces are already generating a rising tide of investable funds over and above special purpose or "rainy day" needs. If commercial banks do not get a greater share of these funds, in the form of deposits, than they now have, the rate of expansion—loanwise and service-wise—which they have experiences in the last decade will of necessity diminish sharply.

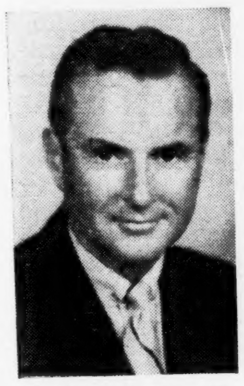
It is immediately apparent that the one eventuality that could block our way here is continued and severe inflation, for this would drive most true investment dollars into equity commitments. Barring this disaster, fixed-dollar commitments should find increasing favor with individual investors. Commercial banks, operating in some cases under a legislative handicap, must nevertheless meet and beat their competition for these funds on a sales-and-service level. Public relations here is all-important: the journey from the glass eye and the top hat has been a long one, but it is not over yet.

In summary, I cannot agree with those who adduce last year's disappointment as proof that the "soaring 'sixties" have perished on the launching pad. And if, as I hope, 1961 will mark the beginning of a significant upturn, the commercial banks will be in the forefront of the fundamental advance.

GUILFORD DUDLEY, JR.

President, Life and Casualty Insurance Co. of Tennessee

In commenting on the prospects for 1961, one of the nation's outstanding bankers was quoted as saying, "1961 will be a good year to the extent that the new Administration can generate confidence in its policies. **If we don't believe in the future, we don't spend money.**"



Guilford Dudley, Jr.

He went on to say that the President-elect had made a good start in the selection for the most part of good men for his Cabinet. He did not mean to imply that the Administration either could or would attempt to control the economy completely, but was merly listing this as one of the factors affecting the economy.

I do not feel that it is quite fair to quote anyone out of context, nevertheless the sentence, "If we don't believe in the future, we don't spend money," is certainly one of the master keys to the entire economic problem. In my opinion this uncertainty about the future was to a large degree responsible for the readjustment that we experienced during the latter part of 1960.

However, the converse of this is also true; namely, that if we do believe in the future, we spend money, and based on that particular concept, I will line up with the bullish prognosticators for 1961, certainly insofar as our industry is concerned.

Our business like most others is affected by gross national income and unemployment as well as by the so-called population explosion. People are our prospects and there are more and more people each year, but these people must have money to spend and to have money to spend for our product, they must be employed.

While it is true that the high cost of labor and automation will affect employment, there are also new industries, especially those making computers and other forms of automation, which will offset to some degree these adverse factors. In our industry we have no inventory problem, nor any plant-capacity nor any production problem in the usual sense of these words. Our biggest obstacle in recent years was the Federal Tax Bill which has been met head on and hurdled although it took some doing.

None of the earnings' figures for 1960 are out yet, but I think that I can safely predict that the majority of stock life insurance companies, just as in the case of our own company, will show a far better earnings' picture in 1960 than in 1959, primarily due to the impact of the retroactive feature of the Tax Bill in 1959.

All in all, I feel that if our nation does not talk itself into a mental recession, 1961 should be another good year in the life insurance business with both life insurance and assets reaching new highs. 1960 was a good year for us and despite the rolling readjustment that we heard so much about during the latter part of the year, our company managed to reach new highs in insurance in force, assets, premium income and operating gain.

ROBERT G. DUNLOP

President, Sun Oil Company

I feel that the American petroleum industry will experience a fairly satisfactory year in 1961, although the gain in demand for oil products will be relatively modest. On the basis of the present outlook, domestic demand for oil in the coming year will likely exceed the 1960 total by about 2%. With natural gas sales increasing and product prices holding generally steady, domestic earnings should equal or slightly exceed the 1960 level.

Robert G. Dunlop

Currently, it appears that 1960 oil demand exceeded 1959 by less than 2.5%. Although this increase was below expectations, oil operations showed general improvement during the year. The supply-demand relationship was improved, product prices strengthened during the second half of the year, and earnings showed a gain over previously depressed levels. A continuing effort to bring product supplies into a more realistic balance with demand is required in 1961. It now seems clear that the oil industry is moving through a period where operations must be geared to smaller annual demand increases than those experienced during most of the postwar years, and the industry must adjust to this reality.

In line with the expected level of oil consumption next year, the amount of crude oil processed in refineries will likely surpass 1960 by 1.5% to 2%. Production of crude oil may exceed this gain, rising by about 2.5%.

Externally, the industry faces several critical problems, each of which is related directly to policies of the Federal government. The three principal problem areas are regulation of natural gas field prices, high gasoline taxes, and growing difficulties with the oil import quota system.

In regard to natural gas pricing, Federal regulation of field prices is increasingly distorting the normal competitive relationships of oil and gas fuels. This is so because the artificially-low gas prices resulting from regulation give gas a decided—and unnatural—advantage over oil in the marketplace. And, in my opinion, the new area pricing plan recently announced by the Federal Power Commission shows little promise of improving the situation. There is still a vital need for legislation which will spell out a free market approach to gas pricing.

On the tax front, the petroleum industry faces perhaps its most serious problem. There is no question but that gasoline taxes have reached the point where they are now restraining gasoline use. Combined state and Federal taxes now average more than 10 cents on a gallon of gasoline. This is roughly equivalent to 50% sales tax—a tax rate five times the special Federal excise tax on luxury items.

As the first step in easing this inequitable tax burden, oil men will continue to play an active role in the drive to assure that the temporary fourth cent of the Federal tax is dropped on schedule on June 30, 1961.

Regarding oil import restrictions, Sun Oil Company continues to stand on its earlier recommendation that

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With Hemphill, Noyes

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Milton Koenigsberg has joined the staff of Hemphill, Noyes & Co., 628 West Sixth Street. He was previously with Hayden, Stone & Co.

Joins Walston Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Marion A. Wandmayer has joined the staff of Walston & Co. Inc., 731 Wilshire Boulevard. Miss Wandmayer was formerly with Federman, Stonehill & Co.

Walston Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif.—Charles C. Leoboldti has become connected with Walston & Co., Inc., 625 Broadway. He was formerly with Eastman Dillon, Union Securities & Co.

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a higher rate of tariff is the only sound method of controlling imports. Current disagreements among importers in regard to administration of the present program indicate that the quota system is too inflexible to be geared to the constantly changing economic conditions characteristic of the oil business.

In conclusion, I think that the coming year presents both opportunities and challenges to the petroleum industry. Rising demand for oil products offers further opportunity for improving supply-demand relationships. And at the same time, the new year brings a fresh challenge to oil men to continue to strive for needed improvements in Government petroleum policies.

E. J. DWYER

President, The Electric Storage Battery Company

That the general economy in 1960 did not measure up to early expectations is now a historic fact. The factors that affected general business in that period also left their mark on the industry of which The Electric Storage Battery Company is a part.

E. J. Dwyer

Speaking for ESB, the first three quarters of 1960 were good as compared with the like period in 1959, but the last quarter showed softness in some segments of our business. The latter part of the year was marked by a slowing up of incoming orders for our large industrial batteries.

In the dry battery and flashlight field, which is almost entirely in the consumer market, results for 1960 were quite satisfactory, holding at about the 1959 level.

According to the most recent information available, the industry experienced a shrinkage of about 7% in the automotive replacement market. To some degree this was attributable to an economy-wide program of inventory curtailment at distribution levels. Replacement sales of ESB's Automotive Division closely paralleled the industry in that market.

Looking at 1961, we believe that the continued level of consumer spending should maintain a strong market for replacement goods. This should be reflected in the volume of our Ray-O-Vac Company Division and in our automotive replacement battery business.

In The Electric Storage Battery Company we see for the year ahead a number of areas holding promise of higher level operations. Important among these are new products and improved established products expected from our research and development. We expect to obtain the full benefit of our plant modernization program and our most recent acquisitions and additions in both the domestic and the foreign fields, most of which were completed in 1960. The consummation of these programs brings us nearer to our objective of more complete product coverage in the packaged power field.

Given a reasonably good industrial climate, our expectation would be for modestly improved levels of business in 1961, both for our company and for the battery industry. However, the near term picture seems to indicate for a time a continuation of the pattern which developed during the latter part of 1960. This requires and is receiving attention in the areas of product cost reduction and expense control.

CHARLES E. EBLE

President, Consolidated Edison Co. of New York, Inc.

As Con Edison looks ahead to 1961, the company continues to face the need to expand its electrical generating and distribution facilities. Much of the growth in our sales, however, is to customers who are already buying electricity from us at minimum rates.

Charles E. Eble

We are attacking our problems in various ways. To keep up with growth we are now building four conventional generating units, each with a capacity of 330,000 kilowatts. These will be among the most efficient units in the world. Two of these units are at our Astoria station in Queens. One of these will be completed this spring while the second is scheduled for operation in 1962.

Also in Queens we broke ground last year for a brand new generating station on our Ravenswood property located to the north of the Queensboro Bridge. Two generating units are being built here for operation in 1963. Finally, we are putting the finishing touches on our 275,000 kilowatt atomic power plant in Westchester County which we expect to go critical this fall.

Although New York had a cool summer last year, our expectations of the highest demand on our electric system were realized with a peak load on August 30 of 4,452,000 kilowatts. To take advantage of a temporary surplus of power upstate from the Niagara project and the fact that upstate utilities experience their highest demand in the winter, we are currently constructing a new high voltage interconnection for the exchange of power between us and Niagara Mohawk Power Corporation which will give each company at least the equivalent of another 360,000 kilowatt unit during periods of peak demand as well as allow for the interchange of power for economy and emergency purposes.

To get the power from our transmission system and generating stations we are expanding several of our major electric substations throughout the territory, but particularly in Manhattan and, of course, the network of cables in the streets. Power will soon be brought directly to Manhattan's bulk power stations for the first time by our 138,000 volt underground transmission system, the most extensive in the world.

We continued our deep interest in the economics of atomic power during 1960, and late in the year announced we would participate with six other New York State utilities and two manufacturers in a two pronged, twenty million dollar development program which we expect will point the way by 1963 to the design and construction of an atomic power plant in the 300,000 to 500,000 kilowatt range.

Hearings continued throughout the year on the Public Service Commission's investigation of Con Edison's electric rates. The company stated strongly its case for favorable action by the Commission on the company's present electric rate structure. The hearings ended in December and final briefs will be filed this month.

Both our gas business and our steam business continued to expand rapidly but did not require the expenditure of the huge amounts of capital called for by our electric system. The heating of one- and two-family homes and small apartment buildings is the best market for gas heat which continues to be placed in well over 9_% of the new one and two-family houses in our territory.

The steam business suddenly took a spurt this year with the discovery by builders of large apartment buildings of the advantages of central heating and air conditioning powered by purchased steam. This is a particularly welcome development because of the notoriously poor summer load associated with the steam business.

During 1960 we successfully called for conversion of $15,000,000 of convertible debentures, sold two issues of first and refunding mortgage bonds—one for $50,000,000 and the other for $75,000,000, and sold a $60,000,000 issue of new preferred stock to seven institutional investors. Our construction budget last year and for at least two years in the future will run well in excess of $200,000,000 a year with total expenditures 1961 through 1965 estimated at $1,150,000,000.

HARRY EDISON

Chairman, Edison Brothers Stores Inc.

Company sales in 1960 climbed to a record high approximating $133,000,000. This represents an increase of about 7¼% above sales in 1959. Our company will not curtail its activities during 1961 and already has plans to add approximately 50 additional units.

Harry Edison

The company closed its year with 404 shoe units in operation, 47 of which were not in operation a full year.

The moderate economic adjustments under way during the last half of 1960 and unseasonable weather which had an impact on business generally did not exempt the retail shoe business.

The lag in business activity which has prevailed, I feel, is being overemphasized, over-publicized and unduly magnified. All of which tends to undermine public confidence and creates fear psychology in the minds of our consumer public. To my mind, there do exist prospects for keeping the lag in general business moderate, and promoting an upturn in 1961 does appear favorable. Too often many of us are prone to find fault with our nation's economy and can only see the hole in the doughnut when in reality we possess the richest and soundest economy of any nation on earth.

Here are my reasons for optimism and why I believe business will snap back into high gear at least during the last half of 1961.

(a) Our nation possesses unlimited natural resources.

(b) Capital expenditures, even if somewhat lower than last year, will continue on a high level.

(c) Expenditures for all types of construction will also be substantial.

(d) Government spending will certainly be high to protect our national security.

(e) State and local governments will continue substantial outlays for highways, schools and civic improvements.

(f) Record savings are still being maintained and this is spendable money in the pockets of our consumers.

(g) Even with the present upswing in unemployment, we will still have a high level of employment and at increased wages due to our ever increasing population.

(h) There are a multiude of factors far too numerous to enumerate here that continue to present challenging opportunities, in our ever growing nation.

Having reviewed a tentative projection on company operations for 1960 which appeared rather favorable, our Board of Directors at a recent meeting declared a 5% stock dividend upon its common stock payable Jan. 25, 1961 to stockholders of record of the company's common stock Dec. 31, 1960. A similar stock dividend was declared the previous year.

Estimates on shoe production for 1961 still remains above 600,000,000 pairs. Manufacturers' prices as well as retail shoe prices are pretty well stabilized and are at levels decidedly in favor of consumer buying.

No, I cannot foresee any gloom clouds besetting our business horizon during 1961.

CHARLES W. ENGELHARD

Chairman of the Board, and President, Engelhard Industries, Inc.

Industrial use of the platinum metals is in a definite long-term uptrend as we enter the New Year. While the final Bureau of Mines figures showing 1960 sales to U. S. industry are not yet available, the year just coming to an end may have seen an all-time record for these precious metals and 1961 is shaping up as another good year in this field.

C. W. Engelhard

Latest available Department of Commerce statistics show a nine-month total for sales to consuming industries of the platinum group metals — platinum, palladium, iridium, rhodium, ruthenium and osium —of 577,200 troy ounces in 1960 as compared to 558,500 ounces for the same period in 1959, which was one of the best years on record for the industry. Our prediction for the coming year is not only based on the factors unique to platinum which pushed sales of this precious metal to high levels in 1960, but also on confidence that the new Administration will prove a healthy one for United States business and industry.

The overall expansion of the American economy together with the pressure of rising population are creating beneficial long run effects for all materials including platinum. The following, however, are trends that apply particularly to the precious metals.

Because of their high material value, virtually every ounce of platinum and its sister metals that is used is eventually salvaged and returned to the refiner. Thus, industrial platinum forms a continuously recirculating "pool" of metal, to which newly mined platinum is added every year. This is not only of benefit to secondary refiners, whose volume is growing at a necessarily faster rate than the primary refiners, but it also continuously increases the availability of the platinum metals for industrial applications.

Typical of Engelhard industrial products utilizing precious metals are such items as catalysts for the chemical, petrochemical and pharmaceutical industries; electrical equipment ranging from tiny palladium contact points to complex slip ring assemblies; and virtually corrosion-proof laboratory and industrial equipment.

Today's continual trend toward higher equipment operating temperatures, the need for increased corrosion resistance and higher product purity are placing greater demands on the platinum metals. As an example, we will cite the glass industry, which utilizes platinum metal crucibles in melting and handling molten glass of the highest quality. Another use of platinum within this industry is in the production of glass fibers, which are extruded through orifices in the bottom of the platinum container in which the glass is melted.

Space age technology, with its unique requirements for reliability in complex equipment, is another field which is capitalizing on the remarkable properties of the platinum group metals. It's no surprise that palladium contacts are often utilized here, as they are in telephone and other communications circuits where the contacts must remain reliable for millions and millions of make-and-break cycles.

One of the major trends within the platinum industry is the ever-continuing technological effort directed toward more efficient utilization, permitting smaller and smaller quantities of the precious metal to perform its required industrial tasks. The success of this effort results first in making the use of platinum more economical for industry, and secondly, in broadening the overall applications for platinum.

Two examples illustrate this point, one already widely accepted and the other just emerging from the development stage. These are, respectively, Sinclair-Baker RD-150 petroleum reforming catalyst and platinized titanium electrodes.

The former is a **platinum** catalyst in which the platinum performs the function of converting certain petroleum fractions into high octane gasoline. This catalyst is available in two grades, one containing only 0.6% and the other 0.3% platinum by weight. The remaining material is merely a vehicle to carry the catalytically active platinum in such a way that it most effectively and economically performs its function.

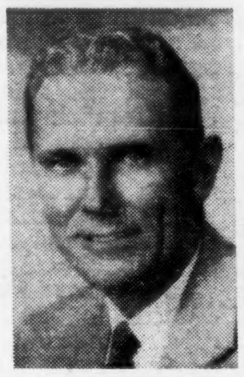
Similarly, the newly commercial electrodes consist of a titanium carrier with a thin coating of deposited platinum to provide the desired chemical and electrical properties. Availability of these new electrodes is expected to make possible the economic use of platinum in such applications as electrolytic production of chlorine, and caustic soda, desalting of sea water by dialysis, separation of colloidal suspensions (such as blood fractions) by electrophoresis, and several others.

These are but two of the products of platinum research which have achieved commercial status among many in our research-oriented industry. Yet research is an unpredictable art that may produce little of practical value for a seemingly lengthy time, then pays off handsomely. It now appears that the platinum industry is on the threshhold of a number of exciting new discoveries—discoveries which can be expected to pay off in benefits to industry, and through industry, to the public at large.

CARL J. FORSBERG

President, Wisconsin Power and Light Company

Based on the information presently available, 1960 was a year of some leveling off in our nation's economy. Some have referred to it as a mild recession. In any event, the expansion we have experienced since the end of World War II temporarily diminished. Inventories were reduced, consumers were cautious about purchasing hard goods and there was some lessening of manufacturing operations. However, over the year, total production of goods and services were higher than in 1959. Continued increases in the use of electricity by the stable residential and rural sources minimized the effect on electric utilities of the slackening of industrial activity. Electric power output in the industry exceeded 1959 by about 7%.



Carl J. Forsberg

Utilities must necessarily engage in constant evaluation of long range requirements. Their large and concentrated outlays of capital must be made well in advance of consumer demands for additional service. Our industry's forecasts and plans are good indications of the state of our nation's economy, present and future.

By 1970 electric utilities expect to double their generating capabilities. Today they have $43 billion invested in plants and equipment. Estimates are that such expenditures currently at about $3½ billion per year, will pass $4 billion in 1961 or shortly thereafter. Utility industry forecasts to 1980 show a continuation of the overall growth of our economy at about the same pace as that we have experienced since the end of World War II. The per capita output of electricity in 1959 was 4,525 kilowatt hours. Predictions are that it will reach 7,500 kilowatt hours in 1970 and 11,800 in 1980. Such increases will result in part from greater mechanization in commerce and industry. In addition, more usage of electricity in homes due to space heating and new appliances will contribute greatly. With an estimated increase of 68 million in the population of the United States in the next 20 years we are confident of continued prosperity **provided** our free economic system is preserved. If it is, our nation's citizens will continue to furnish the production, the market and the capital necessary for the expansion of all industry and the ensuing benefits to everyone. The forecasts and commitments made in that connection show the confidence the utility industry has in the future of our country.

We are cautiously optimistic about the immediate prospects for 1961 and vigorously enthused about long term expectations. It is our opinion that there will be a pickup in the industrial activity in the spring of 1961 and a gradual resumption eventually of the over-all growth rate.

JAMES W. FOLEY

President, Texaco Inc.

The petroleum business should show a 2 to 3% increase in domestic demand and a 7% gain in Free Foreign demand in 1961. In addition to a higher level of demand, petroleum operations should also reflect improved prices. In recent months a better balance has been achieved between petroleum supply and demand, and, as a result, the industry enters the new year with prices and inventories improved as compared with a year ago. While pressing problems of excess producing and refining capacity will continue, there are indications, such as the decline in drilling activity and the tapering off in the growth of domestic refining capacity, that adjustments are being made to this situation.

James W. Foley

Expense-cutting programs, based on sound business principles and significant technological developments, will continue. Multiple well completions and better methods of gas and water injection in secondary recovery projects are examples of the more efficient techniques being used. A combination of cost control and firmer prices will be necessary to offset mounting expenses typified by the recent wage increases.

Capital spending should remain at high levels in 1961. Expenditures will probably be heavy for product improvement and research, both of which are essential for a competitive industry.

Many of the problems facing the domestic petroleum industry are of a political nature. Renewed attempts to reduce percentage depletion and to take actions that would lead to end-use controls of energy resources can be expected in 1961. The regulation of natural gas represents a continuing threat to the health of the industry.

Efforts will, in all probability, be made to extend the temporary one-cent increase in Federal gasoline taxes, which is due to expire in June. Federal and state taxes on gasoline already add 50% of the retail price. Yet, although gasoline is an absolute necessity in modern society, it is taxed more highly than luxury items such as jewelry and mink coats.

The present arbitrary and inflexible mandatory import control program impedes normal industry operations. The system of quota allocations based on refinery runs discriminates against those companies which assumed great risks in the development of oil resources abroad, in many cases with the encouragement of our own government. This discrimination is heightened by permitting companies that cannot economically process foreign oil to exchange their quotas and thereby acquire windfall profits.

Texaco believes that a system of tariffs on imported oil, which would tax present volumes at the current level and additional volumes at a much higher level, would be far more desirable than the present crazy-quilt program under which the industry is now operating.

Growing exports of Russian oil to the free world, for both political and economic purposes, have aggravated the world situation. The annual increase in consumption in both the communist world and the free world will lessen the impact of Russian oil in free world markets.

The coming year will see further efforts by producing countries to maintain or increase their oil revenues by advocating a system for prorationing crude production. While this is an admirable aim, many problems will be encountered. Any attempt at attainment should be consonant with the principles of free enterprise and the obligations of contractual commitments.

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To Talk On Future of Hawaii

DALLAS, Tex.—Two utility executives from Hawaii will be principal speakers at the annual sales meeting on Jan. 21 of Eppler, Guerin, & Turner, Inc., Fidelity Union Tower, members of the New York Stock Exchange.

The two are Ralph B. Johnson, President, and Leslie A. Hicks, retired President and presently Chairman of the finance committee of The Hawaiian Electric Co., Ltd. They will discuss with Eppler, Guerin & Turner registered representatives the current Hawaiian economy and the prospects for it in the future.

The all-day meeting will be at the Sheraton-Dallas Hotel and will bring together 48 representatives of Eppler, Guerin & Turner from 10 Texas cities where the brokerage firm maintains offices.

Watling, Lerchen To Admit Partner

ANN ARBOR, Mich.—On Jan. 26 Wagar A. Glas will be admitted to partnership in Watling, Lerchen & Co., members of the New York and Detroit Stock Exchanges. Mr. Glas will make his headquarters at the firm's Ann Arbor office, Ann Arbor Trust Building.

Dean Witter & Co. To Admit Partners

SAN FRANCISCO, Calif. — Dean Witter & Co., 45 Montgomery St., members of the New York and Pacific Coast Stock Exchanges, on Feb. 1 will admit to partnership G. Leslie Fabian, Gustav Knecht, Jr., Martin LeBoutillier, Kenneth Meyer, Edward A. Pence, and Robert W. Swinarton. Messrs. Fabian, Le Boutillier, Meyer and Swinarton will make their headquarters at the firm's New York office, 14 Wall St.

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A. E. HAROLD FAIR

President, Industrial Consulting Service

It is very difficult to predict the outlook for the Paper Industry as a whole because of its many phases.

Pulp consumption should at least equal 1960 but with constantly increasing supplies of pulp the market will probably remain somewhat depressed as it was at the end of 1960 when price reduction was more or less general in the chemical pulp market.

Indications are that the paper-board industry will be operating below capacity, commensurate with general business conditions, for at least the first quarter of 1961.

The mills making printing and similar papers expect an upswing but it is likely to be delayed until late spring. Continuing population growth and increased demand for an educational paper should bring an increased demand over the year 1961.

Converting papers are affected by many more competitive factors than others, due to changing methods of business and transitions in the packaging and similar industries. Present indications are that in the year average 1961 should be little different in volume of sales as compared with 1960.

HENRY FORD II

Chairman of the Board, Ford Motor Company

If any one concept characterizes today's automotive markets, it is change. The automobile industry is dealing with an entirely new set of circumstances in which the rules and assumptions that seemed to apply five or 10 years ago are no longed dependable. There is a demand for new directions, new products and new ideas.

Henry Ford II

What really started this market upheaval was an unusually severe dose of foreign competition. By accepting the challenge of the market place with the introduction of its own compact cars, the American Automobile industry was able to counter its competition from abroad and turn the sales tide in its own favor.

Because the domestic automobile industry chose to fight back hard, the whole country will benefit and will continue to benefit through improved industrial efficiency, through heightened scientifc and technological advances, and through a strengthened economy.

Despite all of the change and all of the imponderables in the market, the outlook for the automobile industry is good. There still is plenty of potential in our domestic market for growth—not spectacular, explosive growth, perhaps, but steady, solid growth to successively higher plateaus.

When final figures are in, it appears that domestic sales of passenger cars in 1960 will total more than 6.6 million units, including imports—an eminently respectable total, and the industry's second best year to date.

Two factors point to another good year for automobiles in 1961. One is that the general business outlook does not suggest any drastic changes in the foreseeable future toward either a boom or a bust. The other is that the "mix" of cars on the road in the one-year to six-year age bracket—the age range that provides most trade-ins for new cars—promises to be as favorable in 1961 as it was in 1960. Accordingly, I expect new car sales in 1961 will approximate those of 1960.

Farther in the future, the picture is even brighter. A number of built-in factors in our domestic automobile market seem almost certain to support steady expansion through the decade. These include an increase in the number of people entering the age bracket that produces new-car customers, gradual increases in family incomes, and continuation of the move to the suburbs.

All of these plus factors working together should push normal annual new car sales to the 8-million level by 1970.

One of the more important factors affecting the automotive industry in this decade will be rapid expansion of automobile markets abroad. Many of the countries of the free world stand on the threshold of a great advance in the use of motor transportation.

All indications are that the total overseas automobile market will grow at a rate even faster than our own domestic market. In 1959, sales of automobiles outside the United States reached 4.2 million units. For 1960, overseas sales probably will reach some five million units. With incomes abroad rising, and with new highways being built, we expect the normal overseas market to average 6.4 million units a year by 1966, and move up to the 7-million-car range by the end of the decade. This means that while our own domestic sales market is growing by perhaps a million and a half units in the 1960's, the market outside the United States will be growing by more than two million units.

With substantial growth potential both at home and abroad, we at Ford are highly optimistic about the automobile business in the coming decade.

MERVIN B. FRANCE

President, Society National Bank of Cleveland, Cleveland, Ohio

Increases in consumer income and consumer spending will pace a substantial improvement in business activity in 1961. Industrial production will average 5% higher in 1961 than it averaged in 1960. Gross National Product will show a 7% increase to a new record high of $540 billion. Summed up, 1961 is going to be a happy year for most businessmen.

Mervin B. France

Higher income levels will reflect demand for capital goods, consumer durable goods, certain consumer non-durable goods and construction materials. Wage and salary income from manufacturing will probably show the largest gains; business proprietors' income and personal interest income, the next largest. Wage and salary income from the distributive and service industries and from government will be rising in line with their long-term trends.

Dividend income is expected to follow its long-term trend and increase three-quarters of a billion dollars in 1961. Corporate profits should recover more ground than was lost in 1960.

About 1,000,000 workers will be added to the working force in 1961. Approximately this many workers will find jobs, and unemployment will average no higher in 1961 than it did in 1960.

Economic conditions in the United States in 1961 will be governed largely by (1) Spending by individuals, (2) Spending by business, and (3) Spending by government.

Personal consumption expenditures constitute by far the largest segment of the economy. A high level of employment will assure rising disposable personal income and an upward trend in personal expenditures. Average hourly earnings in manufacturing should increase 4% or 5%. Higher personal expenditures will be an important factor in establishing the economy in a rising trend.

Business investment comprises construction, new plant equipment and business inventories. Capital outlays by corporations during 1961 should be higher than during 1960. The desire to increase output per worker is a strong incentive to purchase the most efficient and modern machinery. Changes in business inventories are difficult to appraise. Currently the ratio of inventories to sales is moderate, and a higher level of sales would normally be accompanied by an increase in inventories, which in turn would further stimulate production.

Total Federal spending for goods and services has already started to rise from the level prevailing in the first half of 1960. Defense expenditures will almost surely continue to rise, reflecting the mounting international science and arms race that goes along with the cold war.

Congress has voted higher salaries for certain government employees that will soon be effective. Larger outlays for public works, notably highways, as well as for certain public services, are almost certain.

Expenditures of state and local governments have increased consistently since World War II and the end is not in sight. It is evident that the total value of goods and services bought by Federal, state and local governments during 1961 will be higher than during 1960. This will be another stimulus to business activity.

The flow of capital into new facilities will be sufficient to maintain practically full employment, which means a total unemployment figure of between three and four million. The investment per worker will continue to increase which permits a rising trend in the standard of living. All the purchasing power needed to buy the goods and services produced will be created by the process of producing and distributing them. These are the factors which make for a sound economy and they should prevail in 1961.

The cost of living will probably increase about 2% in 1961. Sometime in the first half of 1961 the demand for funds should put some upward pressure on interest rates and rates should edge up. However, changes in interest rates should be only moderate when compared with the changes of the past two or three years.

The year 1961 will not be a year of boom in the sense that there will be a scarcity of labor or a scarcity of materials with delays in getting orders filled, but confidence in the soundness and stability of the American economy, which has been shaken somewhat in recent months, should be reestablished in 1961.

ROBERT W. GALVIN

President, Motorola Inc.

It is likely that Motorola, as well as most companies engaged in a variety of electronics businesses, will increase its sales volume in 1961. Profits are more difficult to predict, but will probably be maintained at approximately 1960 levels. The consumer electronics business will perform at somewhat the same level in 1961 as 1960, though the peaks and valleys of the sales curves will occur at difference times of the year, with the strength of this market clearly evidencing itself in the third and fourth quarters.

Robert W. Galvin

The continuing and growing need for communications services is likely to support a slight increase in sales volume for radio communication devices in 1961. For many companies, including Motorola, military electronics output will increase noticeably. It is in the new product area—in our case, new semiconductor devices—where the larger percentage of increase in sales volume is anticipated. These products will find their greatest use in industrial and military applications, with some increased usage being found in consumer products as well.

A. C. GILBERT, JR.

President, A. C. Gilbert Company

Interpretation of current economic indicators for 1961 appears to promise more sales volume for the A. C. Gilbert Company and other members of the toy industry than in 1960. Many highly regarded economists predict a strong upward surge in the consumer economy several months in advance of the peak Christmastime selling season in 1961.

A. C. Gilbert, Jr.

The timing of this expected rise in consumer income, a rapidly growing population and a definite trend toward increased interest in the type of toys manufactured by the Gilbert Company will all be major factors working for our success. These are underlying general forces motivating a projected increase in toy sales. Given this added impetus Gilbert management expects to capitalize profitably throughout the year upon the anticipated increase in overall toy buying. Our specific plans for 1961 stem largely from an expanding research and development program that was greatly intensified last year. Many promising recommendations and new product ideas have resulted.

The enthusiastic reception accorded a major innovation in our American Flyer Division, miniature automobile transportation systems, is a direct outgrowth of this program. These transportation systems offer considerable promise in the toy and hobby field, generating great interest on the part of children and serious hobbyists as well. In the coming year we intend to vigorously exploit our success in this new area.

In the field of model railroading, HO gauge trains are continuing to soar in popularity. Sales of ready-to-run HO train sets show every indication of continued growth. American Flyer's quality and meticulous attention to detail in these miniature railroad systems have attracted an ever-increasing number of older boys and men to this second largest male hobby.

Parental awareness and interest in scientific and engineering toys is also developing at a rapid rate. This is partly the result of educational emphasis on science at all levels of the nation's public school system, and also a by-product of the publicity given the tremendous advances made in science and engineering in recent years. The net result is an eager market for interesting, career-building scientific toys.

To meet this demand, our product development program has contributed many new and fascinating changes in the science toys, expanded several existing lines, and introduced entirely new items. All of this is necessary if we are to continue to capture the mercurial interest of youth. In 1961 we expect to again justify the Gilbert Company's reputation as the largest manufacturer of quality science toys by introducing many new and exciting toys.

Erector sets, familiar to three generations of boys, still continue as the most popular boy's construction set. The principles behind its design remain in daily use by engineers and builders the world over. Some measure of this toy's popularity can be given by pointing out that in making sufficient quantities of these sets for 1961, Gilbert will use enough steel to construct a good-sized skyscraper. Erector's continuing success is due not only to good design, but because it continues to fulfill a basic play need for boys at a definite state in their development.

At Gilbert we are also placing more and more stress on good package design. In a highly competitive industry, with a growing number of self-service retail toy outlets, each toy must compete for the buyers' attention on its own. Bright colors, sturdy containers designed to display the toys to maximum advantage and offer pilferage protection at the same time are goals we have achieved and which we will continue to improve.

In an effort to meet the demands peculiar to toy merchandising in department stores, toy stores, hobby

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NSTA NOTES

CLEVELAND SECURITY TRADERS ASSOCIATION


Michael C. Hardony

The Cleveland Security Traders Association has elected the following new officers:

President: Michael C. Hardony, Ball, Burge & Kraus.

Vice-President: James J. Drnek, Prescott & Co.

Secretary: John R. Donahue, Joseph, Mellen, & Miller.

Treasurer: Gary Galdun, Wm. J. Mericka & Co.


James J. Drnek

SAN FRANCISCO SECURITY TRADERS ASSOCIATION


Ralph E. Brown

At the annual election of officers of the San Francisco Security Traders Association the following were elected for 1961:

President: Ralph E. Brown, Stone and Youngberg.

Vice-President: Paul Isaacs, Sutro & Co.

Secretary-Treasurer: James Vicknair, Crocker-Anglo National Bank.

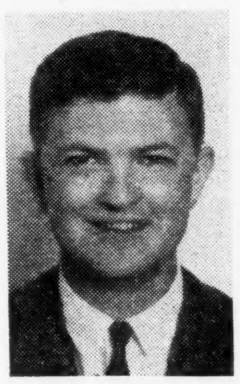
Directors: Leslie J. Howard, J. S. Strauss & Co.; Gifford English, E. F. Hutton & Co.; Richard Kehne, Birr & Co.; Henry Laverty, Davis Skaggs & Co.


Paul Isaacs

SEATTLE SECURITY TRADERS ASSOCIATION

The following officers have been elected for 1961 by the Seattle Security Traders Association:


Paul G. Johnson


Larry W. Sisson


Robert Wight

President: Paul G. Johnson, Blyth & Co., Inc.

Vice-President: Larry W. Sisson, Pacific Northwest Company.

Treasurer: Robert Wight, Bank of California, N. A.

Secretary: Peter Baker, Merrill Lynch, Pierce, Fenner & Smith Incorporated.

N. Y. Sec. Dealers Sponsors Guide To Market Success

The New York Security Dealers Association announces the publication, early in January, 1961, of the "Guide to Success in the Stock Market." This major contribution to financial literature is sponsored by the Association and being published by Avon Book Division of the Hearst Corporation. The first edition will be 150,000 copies in paper backs to be nationally distributed at a retail price of 35c a copy.

However, a special arrangement has been made by the Association with the Avon Publishing Company, a Division of the Hearst Corporation, wherein all the broker-dealers may obtain, in any quantity, copies at a cost of only 20c each.

The "Guide to Success in the Stock Market" presents, for the first time, in concise readable form, a description of the security markets—how they function and operate. It points out the effective ways of selection of individual issues for stable income and substantial gain. It tells about growth stocks, prime bonds, convertible securities, warrants, mutual funds and speculations. It gives priceless guidance on market timing—when to sell and when to buy. It describes the regulation of security markets, the operation of the various Security and Commodity Exchanges and the place and usefulness of Brokers, Dealers, Investment Counsel, and financial services and publications in a program of successful investing.

The experience and wisdom of many members of the Association have contributed to the text. This has been ably edited by Dr. Ira U. Cobleigh, nationally known economist and author, and for years the feature columnist for the *Commercial and Financial Chronicle.*

Hardy Course For Investors

The full impact of the Kennedy program on the American economy and world events will be the core around which the Hardy School for Investors will develop their course which starts on Thursday, Feb. 9th, 1961 at the Barbizon Plaza Hotel.

The nine-session course sponsored by Hardy & Co., members of the New York Stock Exchange, will be under the direction of Samuel C. Greenfield. This is the seventh year in which Hardy has successfully sponsored these courses in which adult-investor students are taught how to become their own investment counsellors; and how to think for themselves, do their own research and take independent action in financial investment matters.

The Hardy Course for Investors opens with a session in which the errors most commonly made by investors are emphasized so that such cognition in the future can be made easily. Other sessions deal with analysis of financial statements, the more meaningful reading of financial news and the planning of estates. Fee for the course is $15.

A circular slide rule for computing yields and price earning ratios and a ten-year chart study of three basic oils are given as gifts by Mr. Greenfield to all investor students.

Now With E. N. Siegler

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Herbert I. Glass is now with Edward N. Siegler & Co., Union Commerce Building, members of the Midwest Stock Exchange. He was previously with Prescott & Co.

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shops, variety chains, mail order houses, hardware stores, automotive chain stores and others, we have provided special packages and assortments of toys and trains at competitive prices. Attractive displays aimed at increasing sales in all major outlets has also been an important and continuing service.

Another significant growth area is the increasing use of toys as promotional items by industry. In a departure from the usual practice of offering standard items as premiums and dealer-loader items, we have been successful in creating and marketing entirely new toys through industry, in several cases before they have been available to the general public. We believe that this field offers substantial growth opportunities too.

Looking ahead, we feel that 1961 offers considerably more potential opportunity than many anticipate. We look forward to it as a year in which many more Gilbert and American Flyer toys will find their way into an increasing number of American homes.

EARL A. GARBER

President, and Chief Executive, Harbison-Walker Refractories Company

Refractories are materials able to withstand high temperatures and certain other rigorous operating conditions encountered in industry. They are the vital materials used in constructing such major pieces of equipment as industrial furnaces. As the furnaces are operated the refractories are consumed. This creates the large demands involved in a replacement market.


Earl A. Garber

The year 1960 was the second highest on record for Harbison-Walker Refractories Company, the leading company in its industry. Furthermore, we expect our 1961 sales to approach the level of the past year. This is during a period when there is much discussion of a national recession. Our business should improve as the new year progresses. In our major customer industry, primary steel, there is a general feeling that the second half of the year will be at a higher operating level. Also, primary steel has been having its own recession for about one year now. Steel inventories have been pulled

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down to the present low levels. The result is that there should be a growing demand for refractories by the important steel industry. This will tend to offset any declines in other customer industries affected by a general business recession in the first half of 1961.

Technical changes and progress are going on continuously in our customer industries. This same situation is occurring in the supplying refractories industries. The result is that new products are becoming vital to a company's economic health. Harbison-Walker research has been expanded considerably in recent years. The result has been the development, production and distribution of new products of superior quality. In turn, our customers benefit through improved refractories performance in their furnaces.

Our basic product line represents one of the best examples of this element of technical change. The word "basic" in refractories terminology refers to the chemical nature and properties of these products. Basic refractories, in conjunction with the chemical oxygen, are involved in a revolutionary change occurring in primary steel production. In this development the superior performance of Harbison-Walker's basic products has been recognized. It is largely through this basis product line that our company is growing more and more through the chemical route. Expanding quantities of raw materials are being synthesized from sea water and deep well brines. In this period of rapid change we are actively seeking, evaluating and developing new business opportunities. The result is greater diversification and expansion.

In the past 10 years Harbison-Walker has invested close to $100,000,000 solely in plants and equipment. This should indicate the confidence with which we face the near and long term outlook for the future.

LOUIS J. GLICKMAN

President, Glickman Corporation

While some other forms of investing have been falling off in recent months, it is interesting to note that capital continues to flow at a great and growing rate into real estate investment. The industry has been providing new avenues affording the opportunity for small—as well as large and moderate—investors to participate in the earnings of income-producing properties. The result has been more new capital and the outlook is for continued growth of real estate investing in the coming year.

Louis J. Glickman

Formation by professionals of large publicly-owned real estate investment companies (such as our own) has provided a participation opportunity for the small and cautious investor who has always wanted to get into real estate but who, hitherto, lacked an investment medium. Now, he can purchase as many or as few shares as he wants, and enjoy the benefits of professional management, diversification of his investment, and a readily-disposable security.

We have known for some time, through surveys we and others (including the New York Stock Exchange) have conducted, that American investors prefer to put their money into real estate. There is something especially attractive about tangible property. Also, of course, there is the very favorable Federal tax treatment by reason of the depreciation allowed to real estate, which substantially converts normal income into an ultimate capital gain feature. Notable, too, is the higher return which prime real estate traditionally has afforded.

Since World War II, there has been great growth of a form of real estate investing which is known as syndication. Syndication is based on assembling many investors into partnership around the nucleus of professional real estate experts. Interest units in these syndications are usually $5,000.

This type of investing has found favor with those who have substantial as well as moderate sums to invest and syndication has provided capital for many high-priced properties, both new and existing. But it has not afforded an investment avenue for smaller investors, who prefer a more liquid medium and now find their opportunity through stock of the publicly-owned companies.

It has been suggested that syndication is on the wane now that stock of publicly-owned real estate investment companies is available. Actually, there is more syndication than ever before, and the number of syndicators has at least doubled during the past year.

We find that public and private financing go hand in hand, and foresee that many big real estate projects of the future will be financed in part by syndication as well as by funds of the publicly-owned companies.

The notion that a syndicator gives up a syndication when he "goes public" is far from the truth. In the case of our own company, as we stated in our prospectus, we are still very much in syndication and consider it one of the most lucrative parts of our business.

The big difference is that, now, any new syndications that we do—as well as any new real estate business acquisitions, construction, etc.—will be done on behalf of the public corporation, not for ourselves, and all profits will accrue to the benefit of our shareowners.

With the continually growing interest in real estate investing and the great amounts of new capital becoming available, the future holds promise and opportunity for the real estate professional and for the investing public.

FREDERICK V. GEIER

Chairman of the Board, The Cincinnati Milling Machine Co.

Again in 1960 American metal-working industries held their machine tool purchases in a range below normal. The first quarter pick-up in new orders was short-lived. Signs of better orders in the third quarter and the impact of the impressive new machine tool developments demonstrated at the September Machine Tool Exposition faded as post-election buying weakened to low levels. Even the very welcome spill-over of orders from an industrially prosperous Western Europe brought industry output only to about 60% of normal capacity.

Frederick V. Geier

In their exhibits at the Exposition, U. S. machine tool builders again demonstrated their technical resourcefulness and progress in new methods and machines that lower production costs. Their exhibits attracted widespread interest and quotation requests have been active, even though buyers have been cautious and hesitant. Most major industries have ample capacity so that older semi-obsolete equipment stands momentarily idle. Fully 20% of the two million machine tools installed in the U. S. must be classed as out-of-date and uneconomical in competition with up-to-date equipment. Our country is lagging in the vital need to keep productive equipment competitive with other industrial nations.

Today the modernization of America's aging industrial machinery hinges on our government's international, economic and tax policies. For several years their impact on the industry has been negative. The industry outlook for 1961 depends on how soon these policies become clear and how their overall balance tips the scale of capital expenditure. The machine tool industry committed itself to heavy costs for product development last year and for new product tooling in 1961 to offer industry more productive, cost-reducing machines. That technical job is being done and done well. Recovery of machine tool sales to healthy levels now depends on constructive national economic policies.

With current business at a hesitant pace, the industry may face a slow first quarter. The negative effect on capital expenditures of the current downdrift of the general economy may well be offset in the second quarter by the accumulating pressure for more efficient low-cost production in U. S. industry, especially in view of the productive advantages of the newer machine tools now available. Industry results for 1961 as a whole will necessarily depend on how soon an upturn occurs to restore the industry to a healthy level of orders and production.

HON. BARRY GOLDWATER

U. S. Senator From Arizona
Chairman, Senatorial Campaign Committee (Rep.)

The year 1961 will confront the American business community with a grave responsibility—a responsibility related directly to the future of America and the peace of the world. There are many ways to define that responsibility. In brief, it is to provide leadership in the forthcoming struggle to maintain our fiscal integrity, at home and abroad, against heavy assaults.

Hon. B. Goldwater

It takes no stretch of the imagination to understand what raids will shortly be proposed on the Federal Treasury. They will be made in the name of health, education, employment and other benefits which the American people value. They will be demanded under the guise of "emergencies" which only the Federal Government can meet. They will be pushed with a minimum of consideration for immediate cost and with little regard for future consequences.

I assure you there will be opposition in Congress to the reckless, spendthrift schemes now in the process of preparation. It will be supplied by Senators and Congressmen who know that this nation cannot stand more deficit spending, more inflation and more taxes if it is to maintain a healthy economy and meet its responsibilities as a world leader.

But will this opposition be enough? I submit this is a question which businessmen throughout the length and breadth of this land should be concerned about. And their concern should be coupled with the realization that they themselves have a part to play.

For, in resisting the Welfare State spenders and the advocates of more government control over the economy, we in Congresss will need help. We will need people, the majority of whom are opposed to the "spend-and-tax" schemes now being proposed.

We expect the businessmen of the country to supply the kind of leadership which it will take to explain the dollars-and-cents meaning of new Federal spending proposals to the wage-earner, the housewife, the student, the aged and to all Americans.

It may come to the point where only a public outcry will be sufficient to halt the enactment of ruinous proposals for government spending. If it does, a great deal will depend upon the direction and leadership provided by America's business community.

I believe that if the people are told the truth about the economics of deficit spending and its bearing on the prices they pay at the super-market, the gasoline station, the shoe store and other establishments they will sound the death knell for all useless spending proposals now forthcoming.

I believe that if the people fully understood the reason for our dwindling gold reserves and the danger involved, our ridiculously large foreign aid expenditures would be curtailed or halted very abruptly.

An encouraging fact is that more and more people are beginning to see the direction in which we are heading. But a big job remains to be done. In my opinion, it is a job which contains a particular challenge for the most articulate and influential members of our business community.

PETER GRACE

President, W. R. Grace & Co.

The business adjustment that began in the third quarter of last year, when Gross National Product turned down, has so far been milder than that of any postwar recession. This is encouraging for the outlook over the next 12 months as corrective measures, especially Federal Reserve actions to increase the availability of credit, have already been taken to offset the possibility of a serious economic decline.

Peter Grace

Encouraging also is the fact that in the latest business expansion reaching a peak last spring, the basic relationship between inventories and sales was not distorted as much as in previous cycles. The ratio of manufacturers' inventories to sales was 1.77 in May, 1960, tentatively set by the National Bureau as the peak of expansion, compared with a peak ratio of 1.98 before the 1957/58 recession. Also reflecting the lack of excesses in business planning, expenditure on plant and equipment was about $36 billion in 1960, compared with $37 billion in 1957, a much higher level considering overall economic activity in 1957 was 13% below 1960.

As a result of the absence of excesses in business planning and prompt corrective actions, it is likely that business will turn up by mid-year.

The greatest uncertainty at the moment is the vigor with which the economy will recover after completion of the current adjustment. Investment in new plant and equipment has been the main laggard with expenditures for 1960, as noted, below the peak attained in 1957. The principal factor behind the slow growth in new investment is the failure of profits to increase. If we are to maintain a satisfactory growth rate, the profit incentive for greater investment must be enhanced.

Since 1955, gross investment has been stagnant at about 15% of GNP, and this rate of investment has not been sufficient to even maintain the efficiency of our industrial plants. Studies by the Machinery and Allied Products Institute show that the share of total industrial equipment which is ten years old or less has been declining steadily since 1955. In other words, the average age of our industrial equipment is rising as modernization expenditures fail to keep up with depreciation. As a result, productivity has not increased in line with costs, and profits in manufacturing have declined by about 6% since 1955. To achieve maximum growth and maintain a viable cost position in export markets, we badly need greater incentives to investment. Incentives must include not only increases in consumer spending to which we have become accustomed, but direct incentives in the form of tax legislation changes, such as more favorable treatment of depreciation. With a satisfactory environment with regard to the factors influencing investment, rapid growth can be resumed in 1961 and a new record level of industrial and overall activity attained during the second half.

Looking at the sectors of the economy of greatest importance to our own businesses, the trend of more rapid growth in U. S. chemicals, as compared with the economy as a whole, is likely to continue in 1961. New product developments and further expansion of plant and equipment will maintain the dynamic quality of the industry. Plastics with characteristics designed to enhance markets in packaging of consumer non-durables such as produce, meats and clothing, and in molded product applications for durables, provide assurance of continued rapid growth.

Farm output and income have increased in the face of the general economic adjustment and this has been favorable for the consumption of fertilizer. The Department of Agriculture has indicated that farm output is likely to be at least maintained or slightly higher during 1961 as compared with 1960 levels, and thus fertilizer demand is likely to be healthy. Chemicals used in farming have increased sharply in recent years, with 50% more plant nutrients applied in 1960 than in 1950.

Looking to overseas investments and markets, there are signs that the boom in Europe may slow down somewhat but nonetheless the rate of growth is expected to be more rapid than in the U. S. As a result, prospects continue to be favorable for profits on foreign investments in the area and for U. S. exports.

In Latin America, an era of impressive growth can be opened through U. S. policies that recognize the strategic importance and potential of this area. The incoming administration has indicated that it intends to take action that will not only bring relief from immediate political dangers there, but provide the means for basic social and economic advance.

If suitable action is taken, the rate of economic growth

in Latin America can regain and possibly surpass the 5% per year increase in GNP that occurred in many of the countries in the early 1950's when the investment environment was so attractive. This could mean greatly enhanced opportunities for industrial investments, improved markets for U. S. products and a revival of the shipping industry serving that part of the world.

CRAWFORD H. GREENEWALT

President, E. I. du Pont de Nemours and Company

While industrial activity in 1960 did not meet the optimistic forecasts made at the beginning of the year, business continued at high levels, with the economy once again demonstrating its characteristic strength and flexibility. New records were attained in employment, personal income, purchasing power, and in gross national product. The chemical industry also enjoyed a substantial growth with volume exceeding 1959 by a comfortable margin.

C. H. Greenewalt

The most serious problem of the year for Du Pont and for many other manufacturing corporations was an attrition in net earnings in the face of an increase in sales volume. For manufacturing corporations generally, profits in 1960 as a percentage of either sales or investment were (except for 1958) at the lowest level since 1945. In 1959 net earnings by all United States manufacturers averaged 3.5% of sales. For 1960 the profit margin would appear to be slightly lower.

The current unsatisfactory earnings position appears to result from a number of influences. Most important of these is the fact that many industries have substantially greater producing capacity, than is required to meet present demands. A situation such as this results in severe competition and inability or unwillingness on the part of manufacturers to maintain profit margins by increasing prices. Competition from goods manufactured abroad is also beginning to make itself felt on the domestic scene. Moreover, costs have increased for most manufacturing corporations due to advances during the year in wage and salary rates.

Unused capacity for manufactured goods, while perhaps painful for the short term, is nonetheless an indictor of a potentially healthy economy. Severe competition, fairly conducted, is beneficial to the consumer and an assurance of progress. The resulting aggressive selling activity should soon bring about full utilization of existing capacity to the benefit of the consumer and of the economy.

As to improved manufacturing efficiency, that is now as always dependent on rising productivity based soundly on technological advance. Here again it seems to me that our manufacturing industries are in excellent condition. There is scarcely a single important business enterprise which does not now rely on aggressive research for the development of entirely new products and for increasing the efficiency and reducing the cost of existing manufactures. This means to improved efficiency has been fruitful in the past and there is no reason to expect any lower rate of progress in the future.

For the year just ahead, the economic wisemen appear to be forecasting a reduced level of business in the first half followed by recovery in the third and fourth quarters. Whether the prophets are right or wrong, time alone will tell. Whatver the near-term future may hold for us, it seems to me that the indicators for the long term are very good indeed. American industry is pursuing aggressively research programs which cannot fail to reduce cost and improve the quality of its products. Many entirely new ventures arising out of basic research are beginning to appear on the horizon and these will provide the basis for new capital investment and increased employment. In the year to come, rising standards of living abroad provide an opportunity for additional sales of United States products which many manufacturers are exploiting vigorously. In spite of a somewhat dull sheen on its first year, the decade of the sixties may well justify its characterization as the golden decade.

LEON C. GREENEBAUM

Chairman of the Board,
The Hertz Corporation

It is strikingly apparent that the vehicle renting and leasing industry further strengthened its position in the American economy in 1960 — and that years of even greater growth lie ahead.

Leon C. Greenebaum

It is estimated that in 1960 the car and truck leasing industry attained a record $750 million in revenues. A rise over that of about $100 million for 1961 is predicted by industry forecasters.

The 1960 volume was split approximately $325 million in truck leasing and $425 million in car rental and leasing.

The 1960 passenger car revenue was derived from more than 280,000 vehicles operated in rental and leased service. This fleet is expected to increase by at least 10% in 1961. There were approximately 125,000 trucks in leased and rental service in the year just concluded. An increase of about 15% in this number has been forecast for 1961.

The Hertz Corporation, largest member of the industry, recognizes a number of factors that will contribute to the favorable growth of the rent-a-car business in 1961. In large cities, increasing numbers of people are renting cars, rather than owning them, to meet their needs for use of a vehicle. The ranks of these "residential renters" will grow as the economy and convenience of renting a vehicle, as opposed to owning it, become better known. Rentals at airports in "fly drive" rent-a-car service are constantly rising as businessmen and vacationers in greater numbers are learning to reserve a car in advance, so that it will be waiting at the airport on their arrival.

Present and past rent-a-car customers naturally represent a good repeat market. But the more than 90% of the nation's 85 million licensed drivers who have never tried rent-a-car service constitute the real potential for more business. The industry confidently expects to continue to win new converts to car rental.

Increased advertising is one means The Hertz Cor-

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R. H. Miller Opens

(Special to The Financial Chronicle)

OAKLAND, Calif. — Raymond H. Miller is conducting a securities business from offices at 2030 Franklin Street. He was formerly with Insurance Securities Inc.

Opens 2nd Boston Office

BOSTON, Mass. — Lee Higginson Corporation has opened a second office in Boston at 607 Boylston Street under the management of Charles F. Brown.

Named Director

Joseph T. Smith, Jr. has been elected a Director of the Over-the-Counter Securities Fund, Inc. of Oreland, Pa. Mr. Smith has been a member of the Advisory Board of the Fund since its founding in 1956.

Dean Witter Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Milton Ponitz has been added to the staff of Dean Witter & Co., 632 South Spring Street. He was formerly with Mitchum, Jones & Templeton.

With Mason Brothers

(Special to The Financial Chronicle)

OAKLAND, Calif. — Herbert W. McGuire is now with Mason Brothers, First Western Building, members of the Pacific Coast Stock Exchange. He was formerly with Walston & Co. Inc.

With Eastman, Dillon

PHILADELPHIA, Pa. — Eastman Dillon, Union Securities & Co., Philadelphia National Bank Bldg., announce that Robert P. Watson is now associated with their Philadelphia office as a registered representative.

Form Allen-Rice

(Special to The Financial Chronicle)

BELVEDERE, Calif. — David W. Allen and Edward R. Rice are conducting a securities business from offices at 83 Beach Road under the firm name of Allen-Rice.

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poration has programmed for 1961 to convert more people to the renting of vehicles. This year, Hertz and its licensees will spend more than $7.5 million in national magazine and television advertising.

Prospects are also bright for increased leasing of trucks in 1961 and the years ahead. It is estimated that only 2% of America's 11 million trucks are presently under lease. Obviously, this affords a great opportunity to the industry to further expand. Greater numbers of business concerns are constantly learning that truck leasing releases capital for other business uses, frees them from maintenance problems and, in effect, relieves them of the problems of the "truck business." The time and effort thus saved can be more profitably turned back into the pursuit of their own business.

Public acceptance of the industry's services in the past few years has been most gratifying. Individuals and business concerns who have had a taste of vehicle renting and leasing want more of these services. Highly significant, also, in evaluating the industry's bright future prospects, is the fact that new converts to car and truck renting and leasing are being developed all the time out of a seemingly endless pool of the uninitiated.

PAT M. GREENWOOD

President, Great Southern Life Insurance Company

Forecasting the trend of business and the nation's economy in the present cycle is a puzzling endeavor. The past year brought continued growth and expansion to the insurance industry with satisfactory progress to most of the established companies. These results were accomplished in the face of much higher Federal taxation which many industry leaders believe to be an unfair tax imposed on thrift and the savings of policyowners.

Pat M. Greenwood

The leaders of industry and commerce are faced with the continued threat of increased governmental invasion of the fields of private business. The insurance industry is no exception. Various proposals have been made for old age care and medical coverage. Some of these are ridiculous, many are unworkable, and all of them are an extension of the tentacles of the welfare state into private enterprise and states rights. The insurance industry is working diligently and intelligently to solve the multitude of problems in this area—a field that is relatively new to the public and to the companies. Progress has been made and, if given the chance, the industry will find the answers to most of the problems.

The change in government occasioned by the election of a new President, and the switch in the administration from one major political party to another, poses many questions. Who will be the President's advisors? Who will direct foreign policy? In what manner? How successfully? How many of the campaign promises will be kept and how many of the platform planks will be activated? How effective will labor be in influencing the administration? Will Congress and the administration take any steps to reduce spending? Or will new or increased taxes be imposed, adding to the strangling burden now carried by industry and business men? Answer those and you have answered the questions regarding the economy and welfare of this nation.

Will there be war? There lies the question that makes any prediction all determinate on its answer. War would not only affect the economy of every nation, it might well destroy any or all nations and the people who populate them.

The people of America are a strong people. They have always found a way to overcome hardships and obstacles because they are born with a love of freedom and the strength and ingenuity to protect it. Our basic economy is so well founded on the principles of free enterprise, and so strongly nurtured and developed within its boundaries that its perpetuity is inevitable. The only conclusion one can draw is that the law of supply and demand must eventually prevail; that the economy is sound; that the government will be in the greatest interest; and that the outlook for industry, commerce and business is optimistic.

ALLEN J. GREENOUGH

President, The Pennsylvania Railroad

The earnings outlook for the railroad industry in 1961 is anything but optimistic. While it is true that the economy is expected to pick up after mid-year, with a consequent improvement in carloadings, most railroads are likely to find that plant and equipment repairs which had to be postponed during the poor business of 1960 will be a major drain on 1961 earnings. That will most certainly be so on the Pennsylvania, despite the $285 million in new freight cars and locomotives, acquired largely on credit, which we are now in the process of receiving. These heavy backlogs of deferred maintenance demonstrate only too well the power of artificial economic pressures on the railroad industry that make it unusually vulnerable to fall-offs in general business, and that prolong the adverse effects of such fall-offs.

Allen J. Greenough

In spite of the poor earnings outlook, 1961 should see the industry make real progress against the long-standing restraints that have been holding it back. Perhaps the most destructive of these is featherbedding, which wastes some $500 million a year for work not needed or even not done. Elimination of this waste alone would unquestionably put a good many railroads, including the Pennsylvania, well into the black. Agreement has been reached under the terms of which the problem will be investigated by a tripartite board of representatives from management, the brotherhoods, and the public.

Another important potential for progress is continued reduction of the losses from passenger services, which have cost the Pennsylvania alone over $650 million since the close of World War II. For the Pennsylvania the solution lies in two directions: further tailoring of intercity services to the actual market, and further acceptance and implementing of the fact that commuter and suburban rail services can no longer be subsidized by the railroad industry itself, but must receive financial support from the communities served. It might be noted that the Pennsylvania's estimated passenger deficit for 1960, about $31 million, is well under half the peak deficit of $70 million, incurred in 1951.

A third major avenue of progress open to the industry and especially to the Pennsylvania is the possibility of cost-cutting, business-building mergers. It is hard to conceive of any sizable merger in the Eastern part of the country that would not in some way involve the Pennsylvania, and we stand ready and willing to cooperate in any arrangements that are in the interest of our employes, our railroad, our customers, and the public generally.

A fourth major opportunity for progress in the industry lies in greater freedom to adjust rates and services to the competitive market. Typical of what can be accomplished when our industry is set at least partly free to do a competitive job, is the growth of TrucTrain, our highway-trailer-on-flatcar service, which even in unsatisfactory 1960 grossed some $2 million or 13% more than in 1959.

Summing up, while we do not look forward to the industry or the Pennsylvania having a particularly good earnings year in 1961, we do believe the year will see marked progress in such areas as featherbedding, the passenger deficit, mergers and greater regulatory freedom, all of which can assure the industry and the Pennsylvania of a satisfactory and growing future.

JOSEPH GRIESEDIECK

President, Falstaff Brewing Corporation

While the American economy may undergo further stabilization early in 1961, the entire year should prove to be a promising one for the brewing industry.

Still the greatest boon to brewing's bright future is the increase in our big consumer market, the 21 to 40 age group. A 15% gain is expected in this segment of the population between 1960 and 1970. It is estimated that the brewing industry will have 12,000,000 more potential customers in 1965 than we had in 1955.

Joseph Griesedieck

Consumption is bound to increase since more of this group of young adults drinks beer. Also, they drink it more often and they drink more beer per capita.

Per capita consumption, based on total population figures, stood at 15.3 gallons per person in 1959, the first increase in this figure since 1948. Total 1960 consumption should be slightly greater than 1959's 86,968,000 barrels. Our industry should experience a consumption of 93,000,000 barrels of beer in 1965 and 101,000,000 barrels by 1970.

Another main reason for our optimism is that beer is achieving even greater demand as a social beverage. Women account for 22% of the total malt beverage consumption and beer is served in two out of three homes in the nation.

Falstaff Brewing Corporation's 1961 sales are expected to approximate 5,200,000 barrels, compared to about 4,940,000 barrels last year. Reasons: Continued emphasis on quality of product and people, greater research and development of marketing, packaging and production methods, plus some expansion to the east and southeast.

G. FINDLEY GRIFFITHS

President, Acme Steel Company

If construction of steel mill products during the last six to nine months of 1960 has been exceeding production by approximately a million tons per month, as statistics indicate, it must be assumed that excess inventories have been substantially reduced and consequently should be approaching a minimum working level. Should the foregoing prove to be the case, and there is no further drop in the level of economic activity, the steel industry will in my opinion experience a gradual improvement in production during each succeeding quarter in 1961.

G. Findley Griffiths

Foreign competition, and current income tax policies governing depreciation, are among the important issues confronting the steel industry in the new year.

During the postwar period steel production throughout the world has increased tremendously, growing from approximately 147,000,000 tons in 1947 to an estimated 340,000,000 tons in 1960. Much of this growth has taken place in Europe, Asia, Australia and South America, with the result that many steel products previously exported from this country are no longer required to satisfy the demands of foreign customers. Furthermore, the technological advantages we previously enjoyed, which enabled us to overcome the lower labor costs of foreign producers, have, to a large extent, disappeared as foreign mills have installed modern equipment. Simultaneously our own costs have been steadily increasing. This combination of circumstances will not only affect the ability of domestic producers to compete in foreign markets, but also poses the threat of increased imports into our own domestic market.

Inflationary forces combined with rapid technological progress tend to render our present depreciation policies inadequate to the task that confronts the industry. Profit is the key factor to the success of our free enterprise system. Recorded wear and exhaustion of facilities in arriving at "profits" has for many years been inadequate to recover the buying power originally expended for facilities needing to be replaced. Industry must, therefore, reserve a large part of reported corporate "profits" to provide for replacement of facilities. Foreign countries, realizing the importance of this factor, have adopted more realistic income tax regulations affecting depreciation allowances than those prevailing in the United States. It is evident that their tax policies have greatly increased the rate of capital formation for growth. It is hoped that Congress will give this important problem the attention it deserves in the near future.

Research, aimed at the development of new methods and new products, will receive greater emphasis in 1961 and the years that lie ahead. Therein lies the solution to lower costs and expanded markets.

H. FREDERICK HAGEMANN, JR.

President, Rockland-Atlas National Bank of Boston, Mass.

THE GOLD OUTFLOW

Commenting on the prospects for 1960, I stated a year ago—"Overhanging the promise that 1960 will be a year of record activity for the United States economy, is the growing concern about the American dollar, and the related question of the United States gold position. . . . Foreign distrust of the dollar and the absolute necessity of high interest rates to prevent an even more rapid outflow of gold are working against the extension of the present boom, and raise a serious question about the overall business activity for 1960. These factors cast a serious cloud and cause me not to share in the unlimited optimism expressed by most for the year 1960."

H. F. Hagemann, Jr.

Now let's try to look at the year 1961. Deterioration of our balance of payments position has characterized the trend in American international economic relations since World War II. Deficit financing, and the great expansion of bank credit and the money supply have made the United States in many fields the world's highest cost producer. The result has been that foreigners have elected to settle their favorable balance of payments by building up their short-term dollar claims, and by withdrawing gold, rather than by buying an increased amount of our goods. In short, foreigners who have obtained claims on dollars have been unwilling to buy sufficient American goods and services to cover our combined overall payments to foreign countries for imports, services, loans and investments, military expenditures and government aid to undeveloped areas.

In 1960, the seriousness of the situation was dramatized by the outrush of gold from the United States following the reductions in the discount rate, and the appearance of forty dollar gold in London, resulting from speculation concerning a possible future devaluation of the dollar. **The problem is bigger than that of stimulating our exports and curtailing our imports. The real problem is that of stopping inflation and creating confidence in our money.**

A constructive development currently is the general awakening of the American people to the seriousness of our predicament. Conservative moves on our part are now essential since the other major trading nations have made great progress in putting their finances in order and in establishing confidence in their currencies.

We enter 1961 with Congress scheduled to discuss a program of medical care for the aged, aid to education, aid to depressed areas, housing and an increased minimum wage. In the world of today in which this country must live and compete, these proposed Federal plans to spend more money, together with the easy money bias, do not jibe with the gold outflow, the distrust of the dollar, and with economic reality.

To gain worldwide confidence in the dollar and stem the outflow of gold, fiscal orthodoxy is essential. Foreigners must be assured that we are against cheap money and continued inflation. We must convince people both at home and abroad that we are prepared to live within our income, to provide a surplus for debt retirement, and to take whatever steps are necessary to defend the dollar.

Easy money and increased spending through deficit financing may stimulate business during the year 1961. The question arises, however, whether an economic climate, in which the United States can best improve its ability to meet competition throughout the world, would not call for more austerity and a further continuation of the current period of adjustment. Many

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challenge confronting our economic system.

II

Feasible Economic Goals

(3) *Our Economic Potential.* Had our economy progressed since 1956—not at the dramatic sprint of the Western European and Japanese economies or at the rush of the controlled totalitarian systems, but simply at the modest pace made possible by our labor force and productivity trends — we could have expected 1961 to bring a Gross National Product some 10% above the $500,000,000,000 level we are now experiencing.

With unemployment below 4%, with overcapacity put to work, and with productivity unleashed by economic opportunity, such a level of activity would mean higher private consumption, higher corporate profits, higher capital formation for the future and higher resources for much-needed public programs.

Instead of our having now to debate about the size of the budget deficit to be associated with a recession, such an outcome would have produced tax revenues under our present tax structure sufficient to lead to a surplus of around $10,000,000,000; and the authorities might be facing the not unpleasant task of deciding how to deal with such a surplus.

(4) *The Targets Ahead.* Looking forward, one cannot realistically expect to undo in 1961 the inadequacies of several years. It is not realistic to aim for the restoration of high employment within a single calendar year. The goal for 1961 must be to bring the recession to an end, to reinstate a condition of expansion and recovery and to adopt measures likely to make that expansion one that will not after a year or two peter out at levels of activity far below our true potential.

Indeed, policy for 1961 should be directed against the background of the whole decade ahead. Specifically, if the American economy is to show healthy growth during this period and to average out at satisfactory levels of employment, we must learn not to be misled by statements that this or that is now at an all-time peak; in an economy like ours, with more than 1,000,000 people coming into the labor force each year and with continuing technological change, the most shocking frittering away of our economic opportunities is fully compatible with statistical reports that employment and national product are "setting new records every year."

(5) *Prudent Budget Goals.* A healthy decade of the Nineteen Sixties will not call for a budget that is exactly balanced in every fiscal year. For the period as a whole, if the forces making for expansion are strong and vigorous, there should be many years of budgetary surpluses and these may well have to exceed the deficits of other years. Economic forecasting of the far future is too difficult to make possible any positive statements concerning the desirable decade average of such surpluses and deficits. But careful students of sound economic fiscal policy will perhaps agree on the following:

(i) The first years of such a decade, characterized as they are by stubborn unemployment and excess capacity and following on a period of disappointing slackness, are the more appropriate periods for programs of economic stimulation by well-thought-out fiscal policy.

(ii) The unplanned deficits that result from recession-induced declines in tax receipts levied on corporate profits and individual incomes and also those that come from a carefully designed anti-recession program must be sharply distinguished from deficits that take place in times of zooming demand inflation. This last kind of deficit would represent government spending out of control and be indeed deserving of grave concern. The deficits that come automatically from recession or which are a necessary part of a determined effort to restore the economic system to health are quite different phenomena: They are signs that our automatic built-in stabilizers are working, and that we no longer will run the risk of going into one of the great depressions that characterized our economic history before the war.

III

The Constraints Within Which Policy Must Work

(6) *Gold and the International Payments.* Granted that the new Administration is preparing a whole series of measures to correct our balance of payments position, the days are gone when America could shape her domestic stabilization policies taking no thought for their international repercussions. The fact that we have been losing gold for many years will, without question, have to affect our choice among activist policies to restore production and employment. The art of statecraft for the new Administration will be to innovate, within this recognized constraint, new programs that promote healthy recovery.

It would be unthinkable for a present-day American government to deliberately countenance high unemployment as a mechanism for adjusting to the balance of payments deficit.

Such a policy would be largely ineffective anyway; but even were it highly effective, only a cynic would counsel its acceptance. It is equally unthinkable that a responsible Administration can give up its militant efforts toward domestic recovery because of the limitations imposed on it by the international situation. What is needed is realistic taking into account of the international aspects of vigorous domestic policy.

(7) *The Problem of Inflation.* Various experts, here and abroad, believe that the immediate postwar inflationary climate has now been converted into an epoch of price stability. One hopes this cheerful diagnosis is correct.

However, a careful survey of the behavior of prices and costs shows that our recent stability in the wholesale price index has come in a period of admittedly high unemployment and slackness in our economy. For this reason it is premature to believe that the restoration of high employment will no longer involve problems concerning the stability of prices.

Postwar experience, here and abroad, suggests that a mixed economy like ours may tend to generate an upward creep of prices before it arrives at high employment. Such a price creep which has to be distinguished from the ancient inflations brought about by the upward pull on prices and wages that comes from excessive dollars of demand spending, has been given many names: "cost - push" inflation, "sellers" (rather than demanders) inflation, "market-power" inflation—these are all variants of the same stubborn phenomenon.

Economists are not yet agreed how serious this new malady of inflation really is. Many feel that new institutional programs, other than conventional fiscal and monetary policies, must be devised to meet this new challenge. But whatever be the merits of the varying views on this subject, it should be manifest that the goal of high employment and effective real growth cannot be abandoned because of the problematical fear that re-attaining of prosperity in America may bring with it some difficulties; if recovery means a reopening of the cost-push problem, then we have no choice but to move closer to the day when that problem has to be successfully grappled with. Economic statesmanship does involve difficult compromises, but not capitulation to any one of the pluralistic goals of modern society.

Running a deliberately slack economy in order to put off the day when such doubts about inflation can be tested is not a policy open to a responsible democratic government in this decade of perilous world crisis. A policy of inaction can be as truly a policy of living dangerously as one of overaction. Far from averting deterioration of our international position, a program that tolerates stagnation in the American economy can prevent us from making those improvements in our industrial productivity that are so desperately needed if we are to remain competitive in the international markets of the world.

History reminds us that even in the worst days of the Great Depression there was never a shortage of experts to warn against all curative public actions, on the ground that they were likely to create a problem of inflation. Had this counsel prevailed here, as it did in pre-Hitler Germany, the very existence of our form of government could be at stake. No modern government will make that mistake again.

IV

General Policy Recommendations

(8) *Introduction.* The two principal governmental weapons to combat recession and slackness are fiscal (i. e., tax and expenditure) policy and monetary or credit policy. In ordinary times both should be pushed hard, so that they are reinforcing rather than conflicting. These are not ordinary times. Until our new programs have taken effect, America does not have the freedom from balance of payments constraints that she enjoyed for the 25 years after 1933.

The usual balance between fiscal and monetary policies will have to be shifted in the period just ahead toward a more vigorous use of fiscal policy because of the international constraint.

Some of the conventional mechanisms of credit policy may have to be altered to meet the new situation we face. While credit was made very easy in the 1954 and 1958 recessions in order to induce housing and other investment spending, a similar reduction of the short-term interest rate on government bills down to the 1% level might lead in 1961 to a further movement of international funds to foreign money markets, thereby intensifying our gold drains. Because our monetary institutions are slowly evolving ones, the following recommendations deal less fully with monetary policy than the subject deserves in a full-scale study of stabilization.

(9) *The Need for Flexibility.* Since experience shows that no one can forecast the economic future with pinpoint accuracy, the policy maker cannot plan for a single course of action; he must be prepared with a list of programs, reserving some on the list for the contingency that events in the early months of 1961 may turn out somewhat worse than what today seems to be the most likely outcome. The following recommendations of this report, therefore, fall into two parts.

First come those minimal measures that need to be pushed hard even if the current recession turns out to be one that can be reversed by next summer at the latest. Expansions and accelerations in expenditure programs that are desirable for their own sake, improvements in unemployment compensation, new devices that permit use of flexible credit policy within the international constraints and stimulus to residential housing are examples of measures that belong in our first line of defense and which are already seen to be justified by what we know about the recent behavior of the American economy. Now in January the wisdom of such policies can already be verified.

Second comes a list of other measures of expansion which represent sound programs to combat a sagging economy, but which are more controversial at this time. If we could read the future better, they might be just what is now needed.

But given our limitations, it may be safer to hold such meas-

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steps have already been taken by American business to improve its competitive position and undoubtedly many more will be taken. In the long run, we may be better off to lay a firm basis for a sound improvement later on rather than give in to the temptation for early stimulation of business before the necessary corrections in the economy have had time to take place.

The country is in a stronger position than it was a year ago when we were soaring off into the Sixties because at that time we were oblivious to our real problems. But we will solve neither our domestic nor our foreign problems unless we reject socialist and communist propaganda. We must renew our faith in capitalism, in our system of free markets and free enterprise. We must renew our faith in our American system which encourages maximum production with the maintenance and guarantees of personal liberty.

JOSEPH B. HALL

President, The Kroger Co.

Many signs point toward a good year ahead for food retailers. Consumer expendable income reached the highest point in history in 1960. So did per capita income, despite the increase in population. Industrial production and business construction are at high levels.

Joseph B. Hall

Business results in the second half of 1960 probably indicate a continuation of keen competition in the retail food industry. Present food prices are expected to extend into early 1961. Food supplies will continue to grow to meet the increasing demand.

Actually, food is less expensive today in terms of real income than it was before World War II. Family incomes have increased faster than the price of food, making it possible for Americans to eat better than ever before. People in most parts of the world spend at least half of their income for food, but Americans spend only 21% to feed their families, according to the Department of Agriculture.

The retail food industry will continue to take advantage of technological developments to help hold the line on rising costs and maintain traditional profit levels. Computers are proving valuable in accounting, product scheduling and inventory control.

The average supermarket is a million-dollar business, requiring high caliber people to operate it. Store managers must be on-the-spot executives with the initiative, training and ability to take quick advantage of merchandising opportunities. Some supermarkets have annual sales of $6 million or more and employ up to 100 full and part-time people. They stock 7,000 to 8,000 different items, ten times more than a generation ago.

Our industry is one of rapid change. On the other hand, it is a stable industry, with growth in terms of a rapidly expanding population. The population of the United States has doubled thus far in this century and is expected to double again before the year 2000.

The retail food industry will continue to evolve in 1961 as the consumer pattern changes. Married couples under 30 years of age are becoming more prevalent; incomes and educational levels are rising. The middle income homemaker, with an improved standard of living, is likely to become more interested in her station wagon, the golf course and the bridge club than in the kitchen stove.

She is expected to demand increasing convenience in the foods she buys. Maid services built into many products eliminate numerous kitchen tasks, giving homemakers more time to spend with their families or in activities outside the home. In some instances, foods can be prepared and served in their own disposable containers, even eliminating dishwashing.

The homemaker's demand for luxury and convenience will require improved efficiency at all levels. Food retailers will continue to develop new products, better handling and distribution methods, novel advertising, and improved financial and administrative control to serve homemaker's needs in the years ahead.

HON. CHARLES A. HALLECK

Minority Leader, House of Representatives
U. S. Congressman From Indiana

On Jan. 20 next, we will bid farewell to President Eisenhower. But the Presidency will go on, and what will happen on Jan 20 is that there will be a transfer of responsibility in the White House.

Hon. C. A. Halleck

That's the key word—responsibility, for the Presidency of the United States is a trust to be executed soberly — and only upon the most careful reflection.

And having that fact in mind, let me say this: under the Administration starting Jan. 20 we can have good government, sound government, responsible government — yes, prudent government—*if* enough people in this country continue to make their voices heard as they did on election day.

I am convinced, and Congressional election returns support this view, that the majority of this country stands for the principles of fiscal responsibility which President Eisenhower made of cardinal importance in his Administration.

And remember this: all of the people who reject excessive Federal spending and abhor the concentration of more and more power in the Federal Government are not necessarily members of the party I happen to represent. Many bear the other party's label, but they can be counted upon to put principle above partisanship when the welfare of our country is at stake!

For those of us who so believe, our job, it seems to me, is to let the American people know what we are *for*, rather than what we are against.

We are for strong national defense without extravagance.

We are for a sound dollar that commands respect in the money markets of the world and protects the buying power of our citizens.

We are for maximum freedom in our private enterprise system and for minimum government intervention in the affairs of business.

We are for economic growth that is rooted in our free economic system, our versatile and dynamic industrial and marketing system.

We are for social progress that comes from the hustle of the unit, not through bureaucratic compulsion.

We are for the government that is as often as possible closest to the individual.

Believing such principles, we will fight for them and we will vigorously oppose all measures which would do them violence.

Too often we overlook the basic fact that not a dime can be spent by any Administration that isn't first made available by Congressional appropriation.

The size of the Federal budget represents the cost of the spending programs enacted by the Congress through the years.

The size of our public debt and the cheapening of our dollar result from the fact that succeeding Congresses have voted to spend far beyond what they have been willing to provide in revenues through taxation.

This presents a challenge to the new Congress — a challenge just as important for me and my party colleagues as for the majority party.

And we, accordingly, will not be just an opposition, dragging our feet and trying to make things difficult for the new Administration.

We will be a responsible opposition. We will cooperate wholeheartedly with any policies designed to improve the nation's military and economic strength.

But by the same token, we will not hesitate to remind those in control that they must bear in mind the interests of the whole country—not just those of their own supporters.

It will be our function as the responsible opposition, to keep the government from trying to take the corners too fast.

It will be our job to see to it that all the facts are brought out, that serious questions are thoroughly discussed and debated, and that the Congress acts deliberately and not just for the sake of either speed—or running up a good score of redeemed promises.

Similarly, should the time come when our country is in danger, it will be our purpose to demonstrate that we are a united nation, neither divided nor irresolute.

These are the obligation of a responsible opposition, and I expect to do all that I can to see to it that we make an effective, conscientious, high-minded effort along these lines, with partisanship secondary and patriotism primary.

WILLIAM J. HALLIGAN

President, and Chairman of the Board,
The Hallicrafters Co.

We expect 1961 to be the best year in our history in terms of sales, earnings, and growth. Our predictions for a 50% increase in net sales are founded on four basic reasons: (1) record high backlog; (2) rising sales trends; (3) military contract prospects; and (4) political climate.

(1) *Backlog*—The government sales backlog is now more than three times what it was a year ago, while the commercial backlog is twice the figure at the end of 1959. Our current total backlog is 270% of last year's total. Considering that the 1960 year has been a highly successful one for the company, this is our most compelling reason for predicting a record year in 1961.

(2) *Sales Trends*—Sale in each of the company's three major product fields—military, commercial communications equipment, and electronic organs—showed strong enough gains during recent months to give Hallicrafters an excellent first quarter for its 1961 fiscal year and to indicate a trend for higher sales and profits in the remaining three quarters. Military sales have been rising substantially, while organ shipments (the company is the sole contract manufacturer of the Lowrey Electronic Organ) are at an all-time high. The recent introduction of new types of amateur short-wave radio equipment should boost volume in this division as well.

(3) *Military Contract Prospects*—Any electronics company handling military prime or sub-contract work should find the coming year at least as good and probably better than 1960. Our military services are engaging in a continuing hot, electronic war. The United States is considerably ahead of its potential enemies in this field, but the pressure to maintain or increase this lead should inevitably result in a greater call on the resources of the electronics industry.

(4) *Political Climate*—In view of the new administration's announced intention to increase military spending, it must be assumed that the electronics industry will receive a large share of such increase.

* * *

Since military contract work comprises more than half of Hallicrafters' total volume, the optimistic outlook in this field naturally colors our total prediction. However, we do believe that a pick-up in consumer spending both for home appliances and leisure time activities—plus the absorption of the World War II record baby crop into the growing teen-age market—will mean greater sales for that portion of the electronics industry whose products go to the consumer.

The sales of many types of industrial electronic equipment have risen steadily in the past year despite the recession, indicating a continuing healthy market. However, if the recession does "bottom out" shortly and the capital goods industries reflect this change quickly, the electronics industry should show even greater gains. Meanwhile, Hallicrafters' plans to expand plant facilities during 1961 are predicated on our own projections for increased business, not on an expected upturn in the national economic picture.

WILLIAM A. HEWITT

President, Deere & Company

At current and anticipated levels of gross national product, only a major recession could reduce significantly consumer demand for farm products. Cash receipts from farm marketings plus government payments will reach higher levels this year than were anticipated a year ago. Instead of declining from 1959, it seems probable that they will be about $34.2 billion, slightly more than the $33.8 billion recorded last year. First estimates for 1961 indicate that cash receipts will be about $33.9 billion, a scant 1% lower than in 1960. The weather will continue to be the major determinant of the actual outcome. Of great importance to the short-run trend of the farm machinery industry are the good fall weather last year which has permitted timely gathering of a record-breaking harvest, and the resulting relative optimism of farmers. To this must be added the fact government farm programs for 1961 already have been established and it seems likely that any changes the new administration may make probably will not be a major consideration until the latter part of 1961. Farm assets have declined slightly and appear likely to do so again in 1961, largely because of an easing of farm real estate prices. This does not directly affect the annual cash flow of most commercial farmers who are the backbone of the farm machinery industry's market.

William A. Hewitt

The net effect of these factors, to which should be added an apparently improved inventory position for the farm machinery industry as a whole, indicates a moderate improvement in industry sales in 1961, perhaps in the area of 5 or 6%. Our own sales also will be influenced by the need to build dealer stocks of our new model tractors and should increase at a somewhat faster rate. Our initial production schedules have been established on the basis of these conclusions.

HENRY HARNISCHFEGER

President, Harnischfeger Corporation

The nation's current period of "pinched-profit prosperity" has afflicted some major industries with a tendency to cut quality in order to permit price cutting and thus compete with cautious competitors and confiscatory tax regulations. Ironically, the brightest spot from 1961 will come through greatly intensified competitive conditions which are resulting from temporarily decreasing markets. These severe competitive conditions will necessitate new vigor and enthusiasm to be forced into the veins of any businesses which may have become lethargic.

Henry Harnischfeger

Changes in tax write-off regulations and "creative selling" are two areas which can accomplish most in revitalizing American industry during the coming year. Specifically, the greatest stimulant to our domestic economy would be to revise the depreciation regulations to permit a five-year write-off of capital equipment. As an example of the potential improvement from "creative selling," it should be noted that about 33% of the cost of manufacturing most products is represented by some form of materials handling. Most any company would be willing to invest in improved materials handling facilities, if through creative selling it is shown that the company's costs will be reduced and quality improved.

To compete for foreign business, however, the need goes far beyond that of creative selling. We as a nation have already lost the overseas markets for the most part, due to our higher prices, caused by higher labor costs and greater tax burdens, and also due to our inability to offer financing equal to that offered by government-sponsored foreign competitors. Decisive measures are needed if the United States is to regain its former competitive position.

To prosper during the coming year, businesses will

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Anti-Recession Report Seeks Golden Mean of Fiscal Policy

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ures in reserve. As the months pass, and the February and March facts become available, we shall be in a position to know whether more vigorous actions are called for. Flexibility in decision making deserves emphasis: There is nothing inconsistent about asking for measures in March that one does not ask for in January, if events have provided us with new information in the meantime. The annual budget should itself be a "living document." Just as Congress should begin to explore measures that will enhance the flexibility of tax rates by giving certain discretionary powers to the Executive, so should Congress itself be quite prepared to flexibly reverse its field in tax legislation when new economic conditions are recognized to call for new measures.

(10) *Important Warnings.* It is just as important to know what not to do as to know what to do. What definitely is not called for in the present situation is a massive program of hastily devised public works whose primary purpose is merely that of making jobs and getting money pumped into the economy. The Roosevelt New Deal inherited a bankrupt economy that was in desperate straits. Whatever the wisdom of anti-depression "make work" projects in such an environment, they are definitely not called for at the present time. There is so much that America needs in the way of worthwhile governmental programs and modern stabilization has so many alternative weapons to fight depression as to make it quite unnecessary to push the panic button and resort to inefficient spending devices.

Similarly, as was mentioned earlier, massive spending programs designed to undo in a year the inadequacies of several years to not represent desirable fiscal policy. Planned deficits, like penicillin and other antibiotics, have their appropriate place in our cabinet of economic health measures; but just as the doctor carries things too far when he prescribes antibiotics freely and without thought of proper dosage, so too does the modern government err in the direction of activism when it goes all out and calls for every conceivable kind of anti-recession policy. The golden mean between inaction and overaction is hard to define, and yet it must be resolutely sought.

Finally, it is worth repeating the warning against concentrating exclusively on ending a downward slide of activity and ignoring the suboptimal level at which the economy may then be operating. Even if this recession ended early in 1961, and even if its initial stages seemed to show a tolerable rate of improvement, that would not alone be enough to render unnecessary policies aimed to get us back to, and keep us at, high employment levels.

Satisfactory growth is not something one procures by a once-and-for-all act; eternal vigilance, as with so many other good things, is the price that must be paid for good economic performance.

V

"First Line of Defense" Policies

(11) *Expenditure Programs.* Pledged expenditure programs that are desired for their own sake should be pushed hard. If 1961-62 had threatened to be years of over-full-employment and excessive inflationary demand, caution might require going a little easy on some of them. The opposite is in prospect. The following measures are not being advocated in the faith that they will help business from declining in the first months of the new year. Some of them will at best, pay out money only after a considerable delay. They are advocated for their own sakes as builders of a better, fairer, and faster-growing economy.

And even should their expenditures come into play after we have reversed the recession tide, they should be helpful in making the next recovery a truly satisfactory and lasting one.

(i) Defense expenditures ought to be determined on their own merits. They are not to be the football of economic stabilization. Nor, as was so often done in the past, ought they to be kept below the optimal level needed for security because of the mistaken notion that the economy is unable to bear any extra burdens.

Certainly a recession drop in tax receipts should not inhibit vital expenditures any more than should the operation of artificial limits on the public debt. And they should certainly not be maintained at high levels merely for the purpose of substitution for other measures designed to keep employment high.

On the other hand, any stepping up of these programs that is deemed desirable for its own sake can only help rather than hinder the health of our economy in the period immediately ahead.

(ii) Foreign aid is likewise to be determined by the need for development abroad. An increase in this program, skillfully tailored to take account of the international payment position, deserves high national priority in a period like this one.

(iii) Education programs including funds for school construction, teachers' salaries, increased loans for college dormitories should be vigorously pushed. Some of these could have an impact even within calendar year 1961 itself.

(iv) Urban renewal programs, including slum clearance and improvement of transportation facilities, represent desirable projects that should come high on the policy agenda.

(v) Health and welfare programs, including medical care of the aged, increased grants for hospital construction, and continued large grants for medical research, are desirable even though some of them—such as health for the aged financed by social security—will not add at all to dollar demand in the near future.

(vi) Improved unemployment compensation is one of the most important of all the measures on this list from the standpoint of anti-recession action.

The fairest and most effective step the Federal Government can take to help fight the recession would be to expand unemployment compensation benefits. Such expenditures go to those who need them and who will spend the money promptly; they also go up at the right time and in the right place and will come down at the right time and in the right place. It is a sad fact, however, that the nation's unemployment compensation system cannot possibly do the job it is expected to do. Under present arrangements, it was shown to be inadequate in the 1957-58 recession and it will be inadequate in the present recession as well.

For the immediate future, emergency legislation is needed to permit all states to continue paying unemployment benefits (perhaps at a stepped-up rate) for at least 39 weeks, regardless of the condition of their insurance reserves and even if they have not yet repaid the loans received to tide them over in 1958.

For the long pull, we need a system with basic Federal standards that will cover employees in all firms regardless of size; provide unemployment benefits of at least one-half of the employee's earnings; and extend the term of benefits to a minimum of 26 weeks in all states, supplemented by an additional 13 weeks during periods of high national unemployment. Federal standards are also needed to provide for adequate financing and solvency of the system.

Consideration should also be given to the possibility of equalizing the burden of financing unemployment benefits among the states, and to varying the benefits in such a way that they will go up when unemployment in the nation as a whole is high and go down when unemployment is low. These measures would reinforce the stabilizing effectiveness of the system in all stages of the business cycle and would eliminate the need for hasty action during periods of emergency.

(vii) Useful public works programs should be accelerated to the extent feasible without disrupting their orderly execution. This applies to Federal and Federally supported programs, such as water resources, highways, post office construction, public building construction by the General Services Administration and military construction.

Prompt additional appropriations and authorizations by the Congress are needed in most cases. Opportunities for speeding up authorized public works exist also at the state and local levels. Cooperation of all levels of government strengthens an anti-recession program.

(viii) Highway construction programs can be accelerated. Cement capacity and labor availability is such as to make this a potent near-term stimulant.

An aggressive Federal highway program might involve any of the following measures: Relaxing contract controls over state obligations, and assuring states their obligations will be met; authorizing repayable advance to the states to meet their 10% matching requirements under the Interstate program; waiving the pay-as-you-go amendment if required to permit full apportionment of future Interstate authorizations and, if deemed necessary, increase these authorizations.

(ix) Depressed area programs are desirable both in the short run and the long. The Douglas Report spells out needs in this matter and makes comment unnecessary here.

(x) Natural resource development projects, including conservation and recreation facilities, provide further examples of useful programs.

The above list does not pretend to be exhaustive. Certain other expenditures measures could be added to a first line of defense program, but enough has been said to indicate the nature of the needed actions. The order of magnitude contemplated here might be in the neighborhood of $3,000,000,000 to $5,000,000,000 above already planned programs in fiscal 1962 and does not involve the inflationary risks of an all-out anti-recession blitzkreig. This does not purport to make up for the accumulative deficiencies in those vital areas.

(12) *Residential Housing Stimulus.* The last two recessions were helped immensely by a successful program to make credit more available to residential housing. No experts could have predicted the anti-cyclical potency that housing has shown in the post-war period.

Already we have seen some easing of credit in this area, but such steps do not seem this time to have been so successful in coaxing out a new demand for home construction. There is perhaps some reason to fear that less can be expected from the housing area in the year ahead. Down payments are already quite low, as are monthly payments. Vacancy rates, particularly in certain areas and for certain types of housing, have been rising. The age brackets that provide the greatest demand for new housing are hollow ones because of the dearth of births during the depression of the Nineteen Thirties.

Nonetheless, so great is the need for housing a few years from now when the wartime babies move into the house-buying brackets and so useful is the stimulation that a resurgence of housing could bring that it would seem folly not to make a determined effort in this area. In particular, loans for modernization of homes, which now bear so high an interest rate, might provide a promising source for expansion.

Many specific actions will be required. Mortgage rates might be brought down to say, 4½% interest, with discounts on mortgages correspondingly reduced; consideration might be given to further extended maximum amortization periods. The insurance fee for single dwellings under Federal Housing Administration programs might well be reduced from one-half percent to one-quarter per cent.

The Federal National Mortgage Association (F.N.M.A. or 'Fannie May") could step up its mortgage purchasing program, especially for high-risk mortgages lacking private markets. Housing for the elderly is another program desirable for its own sake. Measures that tie in with urban renewal and college dormitories, as covered above, also hold out promise.

Particularly because our international balance of payments inhibits certain types of activistic monetary policy will it be necessary to push hard on specific credit programs in the housing field. Innovation, ingenuity and experimentation with new instrumentalities will be needed in this matter: It is not reasonable to believe that the patterns earlier arrived at are the last word in feasible programming.

(13) *The Role of Monetary Policy.* Were it not for the international constraint, an economy that faced recession in the short run and which had been falling below its potential for several years would naturally call for a considerable easing of credit. Indeed, a growth-oriented program would entail a combination of low interest rates and widely available credit with an austere fiscal program designed to create budget surpluses large enough to offset any resulting overstimulation of demand. But such a program must await a solution of our international economic difficulties that will free our hands in domestic monetary policy.

The first order of business is to get nearer to high employment. Expansion by the Federal Reserve

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have to rely heavily on the ability of the employee to assume the responsibility to meet today's challenge by keeping quality up and costs down, inasmuch as such a large share of the costs of manufactured products are represented in direct and indirect labor.

The year ahead does not promise to be an easy one. In order to maintain leadership in any of its markets in 1961, a company's employees have to realize that success will depend upon their continuing to produce quality products that customers can depend on, and which will make new customers want to place repeat orders.

For any company to prosper during the coming year it will be imperative that full advantage be taken of all available technological improvements. It goes without saying that new machines, new tools, and new equipment are only as effective as the men and women who use and operate them.

Today's employees must bring to their jobs the desire and the attitude that is positive and enthusiastic and which will be able to match the challenges of the new year. Whatever else may result from 1961, there will be new strength and vigor added to our economic system.

CHARLES W. HOFF

Chairman of the Board, Union Trust Company of Maryland Baltimore, Md.

The outlook for 1961 is one of cautious optimism. Employment continues at a good level which accounts for the steadiness of retail sales within approximately the same range as a year ago. The public acceptance of the new automobile models has pushed unit sales ahead of the same period last year. The Commerce Department predicts that private home building will increase 4% in 1961 over 1960, and other sources anticipate an 8% increase in exports based largely on the backlog of foreign orders. With only a slight increase expected in imports and with the return of service families from abroad there should be an improvement in our balance-of-payments and in our gold position.

Charles W. Hoff

On the other hand there are no widespread expansion and modernization programs by industry, and steel production and carloadings leave a large unused capacity. Such indexes as GNP and unemployment figures indicate a halting activity.

However, the existing softness in business is not sufficiently serious in itself to cause more than a mild and temporary slow-down, and there is reason to expect the readjustment to be over sometime during the middle of the year. Certainly, there is evidence of economic strength even though the trends are mixed at the moment.

In our immediate area, with highly diversified industry and emphasis upon heavy manufacturing, we follow the national pattern but without as wide variations.

The year 1960 did not measure up to the early high expectations, and it is possible that the year 1961 may prove far better than the immediate outlook now justifies.

ERNEST HENDERSON

President, Sheraton Corporation of America

The 1961 Business Outlook is somewhat confused. Following the stock market declines of the first eight months of 1960, business indices, as is their custom, followed a similar pattern. At the moment business indices are clearly pointing downward. However, during the past three or four months, common stock averages have held up, thereby slowing up the downward trend of business indices. If the averages which measure the level of common stocks should remain within their range of the past four months through January and February of 1961, this could put an end to the downward drift of business indices, since the trend of these indices is so strongly influenced by the level of the security markets.

Ernest Henderson

It seems to me that the falling security markets of the first eight months of 1960 still exert a slightly stronger negative influence on the economy than does the better performance of the market during the past three months which were characterized by a generally sideways and somewhat upward trend of the Dow Jones Averages. Accordingly, recessionary forces appear to me still to exert the greater impact on the economy. An ultimate break-through of the former "lows" of 566 in the Dow Jones Industrial common stock averages during the first month or two of 1961 could trigger a continued downward spiral which could feed upon itself into a sizable recession.

On the other hand, once the downward momentum of business indices has been arrested for a period of five to six months through level or rising security prices which can create a foundation for recovery, then a break-through into new high area for the Dow Jones Averages could be causing (rather than is generally believed—forecasting), a cyclical recovery.

These comments are based on the assumption that common stocks—being readily exchangeable for cash, play a similar role to ca h in our economy, and therefore exert a direct influence—just as do unbalanced national budgets—on the trend of our economy. For this reason it becomes necessary to wait perhaps another month or two before predicting with any assurance the trend of business in 1961.

One favorable aspect of the New Year is the growing confidence among businessmen, most of them presumably with Republican leanings, in the course which the new Kennedy Administration appears to be laying out. Such growing confidence could be a favorable influence on security markets, and could serve as a possible catalyst that could influence the trend of the stock market, thereby reducing the danger of an intensifying recession. Another favorable factor is the widespread conviction that an upturn in business will develop by the end of the first six months of 1961. When enough people believe such a forecast, the security markets usually anticipate such an event. Such rising market prices of common stocks, following a period of stabilized business indices, would cause these indices to turn up, thereby justifying the optimism of investors.

ARTHUR B. HOMER

Chairman, and Chief Executive Officer, Bethlehem Steel Corporation

Bethlehem Steel and the steel industry of this country face an era full of challenges. Challenges are as good for a business enterprise as they are for an individual. Our company is no stranger to challenges, and we are well prepared for them. Our company's facilities are ready, and our people alert in every respect, to meet the needs of customers.

Arthur B. Homer

I have no doubts as to the future of steel, just as I have no doubts as to the future of our economy as a whole. America is going to keep on growing vigorously, and the steel steel industry is going to continue to play a very important role in the growth of our economy.

I expect that in the main 1961 will be a good year for steel users, although as usual some industries will fare better than others. I am confident that the level of Bethlehem's operations will start rising before very long, and that we can look forward to a reasonably satisfactory year.

DR. BISHOP C. HUNT

Vice-President and Economist, John Hancock Mutual Life Insurance Company

In perspective, a single year is an arbitrary period in the national economy and particularly in the life insurance business—there is no sharp cut-off in the stream of operations between the end of one year and the beginning of another. Nevertheless, it is essential to pause annually to make estimates of progress and to take possible bearings on the future.

Dr. Bishop C. Hunt

At the beginning of 1960, we stood at the threshold of a $500 billion economy in terms of total expenditure on goods and services, that is, gross national product. It was suggested here as a general proposition that "barring the unexpected, the national economy would attain and surpass that peak during 1960 and the record for the year surpass that of any previous year."

Inasmuch as early buoyancy gave way in the course of the year to minor decline—and thus disappointed much exuberant, even excessive, expectation—a look at the record is obviously called for. At annual rates, G. N. P. receded from the record high of $505 billion reached in the second, to $503.5 in the third quarter. The final quarter will in all probability approximate the latter figure. For the year as a whole, in terms of both gross national product and physical output of the nation's factories, mines and utilities (as measured by the Federal Reserve Board index), 1960 will go down in the record as the greatest year to date, with total expenditure on goods and services some $20 billion greater and physical output not far from 3½% larger than in 1959. As the year passed into history, the national economy, in the aggregate, was in fact operating at or near peak historical trend levels.

Some aspects of the declining tendency manifest particularly in the latter part of the year are of considerable importance in any forward look. In the nature of growth producing adjustments, they represent new strength rather than weakness in t e economy. In retrospect, 1960 is commonly conceded to be a year of significant, if not general adjustment following a decade of economic progress at home and abroad. Excesses of forced recovery, of labor strife, and ill-founded expectations concerning the immediate future current at the beginning of the year have been mutually reduced by the passing of inflationary pressure. Some recession from an historical trend there has been, but it is not large and may have passed the point of maximum momentum. Already there is evidence of organic forces at work to stem further decline and return the economy to a reasonable line of growth.

It is to be hoped that the exigencies of the Full Employment law and of political promises may not conspire to force the economy well beyond this goal and by so doing make serious depression in the early sixties more rather than less likely.

In terms of familiar benchmarks, American life insurance again posted new records, the attainment of which was implicit in the generally high level of business activity and the steady and substantial increase in disposable personal income during the year. Furthermore, the special growth characteristics of the industry were again made manifest.

While the ratios of increase were smaller than a year ago, new life insurance sales exceeded $73 billion, an increase barely short of 3%. Total life insurance in force on Dec. 31, 1960 is estimated at $585 billion, an increase of upwards of $40 billion or nearly 8% during the year. The volume of life company accident and health insurance continued to grow apace. Total payments to policy owners and their beneficiaries in the United States exceeded $10 billion for the first time, a new record by a substantial margin.

In keeping with the probable course of business activity and the maintenance or increase of disposable income during the coming year, it may be expected that in 1961 the provision by American life companies for the financial and economic security of the nation's families will again advance significantly.

By the end of the year, life company assets—held to guaranty future contractual payments and representing, broadly speaking, accumulated savings of policy owners —were nearly $120 billion, a net increase of almost $6 billion, which is equal to that of a year ago, although slightly less on ratio. Life companies in fact administer by far the largest single component of the nation's institutional pool of savings.

During the year the average earned rate of investment return increased sharply — from 3.96% to 4.12% (as against an increase of 11 basis points in 1959). The outlook for general business activity suggests that present long-term rates of interest on new money may on balance be maintained over the coming year. It follows that the average rate of return earned by life companies will continue upward, as increments of new investment replace older holdings bearing lower yields.

PAUL E. HOOVER

President, Crocker-Anglo National Bank, San Francisco, Calif.

After a number of years in which the productive capacity of most basic industries has been increased steadily, the need for further expansion diminished in 1960. This is a short-term trend. Nevertheless, 1960 was a year of record production, but a year that witnessed a declining trend in corporate profits, a decrease in capital expenditures and the advent of new and varied problems for businessmen and farmers.

Paul E. Hoover

American industry has tackled with vigor the problems of adjustment to the changing economic environment that characterized 1960 and has responded with intensified competition for domestic and foreign markets, large expenditures for research and close attention to costs and increased efficiency. This healthy consolidation and adjustment will be evidenced to an even greater extent in 1961 and should result in satisfactory records of production and trade in the coming year.

The export problems created by the European "Common Market" and other restrictive trade agreements among foreign nations, and the high cost of certain products manufactured in the United States, have resulted in many manufacturers establishing plants abroad in recent years. This trend is expected to continue in 1961.

However, U. S. capital investment abroad is only one of the factors affecting a problem of major significance, the outflow of gold from the United States. The public attention that has been directed to this situation will, we hope, aid in encouraging the new administration to take necessary corrective actions concerning policies and programs that were established a decade ago during a world-wide "dollar shortage."

California's economy was similar to the national situation in many respects in 1960. However, the population growth of the state continues at twice the national rate and this rapid growth is expected to correct a problem of overbuilding of homes and apartments that occurred in certain areas of California in 1960.

Agriculture, a vital factor in California's economy, had an excellent year in 1960 with receipts from marketings expected to exceed record-high levels set in 1959. However, California farmers will face two serious problems in 1961. Federal acreage allocations for cotton will be reduced and prices are not expected to rise materially.

Of even more serious consequence is the continuing pressure for higher farm wage rates, which resulted in a rise of 25% in some California areas during the past year. Union organizational efforts in this field achieved some success in 1960 and intensified organizing attempts are to be expected in 1961. Undoubtedly, farmers will be shifting to more mechanized methods. The rapid acceptance of the revolutionary tomato-picking machine that was introduced last summer is an encouraging sign that farmers, as well as businessmen are striving to hold down costs in order to remain competitive.

Despite any short-term weakness in the economy, it is a fact that we are living in an expanding economy and the capital that is being created now by a high level of savings will inevitably be used to finance increased industrial production.

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of bank reserves, in order to increase the supply of money and to stimulate investment spending, will naturally tend to lower short-term interest rates. But in view of the volatility of funds as between our money markets and those abroad which pay higher interest, we can plan only limited use of this conventional mechanism. New exploration is needed.

(i) In the days after the 1951 Accord, when the lesson had to be learned that government bonds were not in peacetime to be arbitrarily pegged at artificial price levels, it was perhaps defensible for the monetary authorities to concentrate almost wholly on open market operations in the shortest-term government securities.

Without entering into the merits of this position—and the problem is indeed anything but a simple one to be decided by emotional slogans — responsible economists realize that the new international situation requires some change in emphasis. Indeed, it is encouraging to note that the Federal Reserve authorities have themselves already been experimenting with actions designed to adjust to the new situation.

Still further actions may be desirable in order to help bring long-term interest rates down relative to short-term. It is long-term rates which are most decisive for investment spending; and it is short-term interest rates that are most decisive for foreign balances. This is not an area for hasty improvisation or doctrinaire reversal of policies; but it is one for pragmatic evolutions of procedures and policies.

Nor is this merely a task for the Federal Reserve. The Treasury too must consider the wisdom of relying primarily on short-term issues in the period just ahead. Those in Congress who have thought that recession times are the best period in which to issue long-term debt at low interest rates will have to go through the same agonizing reappraisal of their view as a result of the new international situation.

The whole problem of debt management by the Treasury, as coordinated with the Federal Reserve in the interest of over-all stability, will require rethinking in these new times. No conflict of desires between the Executive and the Federal Reserve is to be involved, since both have the same interest in economic recovery and defense of the dollar.

(ii) Decisive actions to improve our international balance of payments position are desired for their own sake as well as to liberate domestic stabilization policies. This is not the place to describe the numerous programs that are needed in the international area.

Fortunately, there are some reasons to think that our net export position is an improving one and that the task is not an impossibly difficult one. The primary need is to make sure that our productivity is improved so that our costs will remain competitive in international markets. But there are also certain measures that can alleviate the psychological drain on gold.

VI
"Second Line of Defense" Policies

(14) *Two Alternatives.* All the above has been premised upon a specific, and perhaps optimistic, forecast of how the economy is likely to behave in 1961. This first alternative could be called the "optimistic model" were it not for the fact that it turns out to involve unemployment that does not shrink much or any in 1961 below present levels of some 6%. It seems, nevertheless, to agree most closely with the likeliest expectations revealed by a careful canvass of economic forecasters in business firms, universities, and public agencies.

Concretely, the optimistic model assumes that the Gross National Product will decline for at most one or two quarters. It assumes that the calendar year GNP will average out to between $510,000,000,000 and $515,000,000,000 which represents an improvement in real GNP of about 2% in money terms and 1% in real terms (after correction for price changes has been made).

It assumes that by the end of the year the economy will be running some 3% above the present rate. It assumes that even in the absence of any needed programs by the new Administration the current budget will have lost its surplus and more likely will show some deficit. It assumes that our new jobs will be barely enough to provide work for the 1,200,000 workers who are added to the labor force in 1961 and that unemployment remains a grave social problem.

Evidently such an outlook cannot be regarded as an optimistic one; and it is to improve upon this situation that the above programs were prescribed.

It is only wise, though, to be prepared for an even worse outlook. Suppose inventory decumulation continues longer than expected above; that consumers continue to save as large a percentage of their disposable incomes as they have recently been doing; that plant and equipment expenditures by business accelerate their downward slide; and that construction generally proves to be disappointing. What then?

In that case unemployment will rise toward and perhaps beyond the critical 7½% level that marks that peak of the postwar era. In that case corporate profits will sink far below their present depressed levels and a sagging stock market may add to the public's feeling of pessimism.

In that case we shall certainly automatically incur a large deficit. While many hope and expect this more pessimistic model will not happen, it cannot be ruled out by careful students of economic history and present indications.

(15) *A Temporary Tax Cut.* If economic reports on business during the early months of the year begin to suggest that the second, more pessimistic outlook, is the more relevent one, then it will be the duty of public policy to take a more active, expansionary role. This is not the place to spell out the details of such a program. But certainly the following tax-cut measure will then deserve consideration.

A temporary reduction in tax rates on individual incomes can be a powerful weapon against recession. Congress could legislate, for example, a cut of 3 or 4 percentage points in the tax rate applicable to every income class, to take effect immediately under our withholding system in March or April and to continue until the end of the year.

In view of the great desirability of introducing greater flexibility into tax rates, it would be highly desirable for Congress to grant to the Executive the right to continue such a reduction for one or two six-month (or three-month) periods beyond that time (subject to the actions being set aside by joint resolution of Congress) with the clear understanding that the reduction will definitely expire by the end of 1962.

At this time it would be urgently important to make sure that any tax cut was clearly a temporary one. With the continued international uncertainty and with new public programs coming up in the years ahead, sound finance may require a maintenance of our present tax structure and any weakening of it in order to fight a recession might be tragic.

Even if it should prove to be the case that growth makes reduction of tax rates possible in the long run, that should be a decision taken on its own merits and adopted along with a comprehensive reforming of our present tax structure. (Various tax devices to stimulate investment might also be part of a comprehensive program designed to eliminate loopholes, promote equity, and enhance incentives.)

(16) *Direct attack on the wage-price spiral.* The above programs have been primarily concerned with fiscal and monetary policy. This is as it should be.

It is important, though to realize that there are some problems that fiscal and monetary policy cannot themselves come to grips with. Thus, if there is indeed a tendency for prices and wages to rise long before we reach high employment, neither monetary nor fiscal policy can be used to the degree necessary to promote desired growth.

What may then be needed are new approaches to the problem of productivity, wages and price formation. Will it not be possible to bring government influence to bear on this vital matter without invoking direct controls on wages and prices?

Neither labor, nor management, nor the consumer can gain from an increase in price tags. Just as we pioneered in the Nineteen Twenties in creating potent monetary mechanisms and in the Nineteen Thirties in forging the tools of effective fiscal policy, so may it be necessary in the Nineteen Sixties to meet head on the problem of a price creep.

This is a challenge to mixed economies all over the free world, and is not to be met by government alone.

Joins F. S. Smithers

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, — Calif. Thomas L. Schuette has joined the staff of F. S. Smithers & Co., Russ Building. He was previously with Schwabacher & Co.

With White, Weld Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Charles E. Mason Jr. has been added to the staff of White, Weld & Co., 125 High Street.

Joins H. L. Emerson

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Joseph M. Streifender has become affiliated with H. L. Emerson & Co. Incorporated, Union Commerce Bldg., members of the Midwest Stock Exchange. He was formerly with First Cleveland Corporation.

3 With Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif.—George W. Harker, Jr., Phyllis E. MacNamara and Robert P. Sedlock, Jr. have become associated with Dempsey-Tegeler & Co., 239 A Street. Mr. Harker and Mr. Sedlock were formerly with Woolrych, Currier & Carlsen, Inc.

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PETER F. HURST

President, Aeroquip Corporation

In recent months the recession has been penetrating deeper and deeper into the economy. The latest statistics on unemployment, corporate profits, capital investment by business, and gross national product reflect a pronounced downward movement throughout the busiess world.

Peter F. Hurst

The Federal Reserve Board's Index of Industrial Production dropped to 105% in November from a high of 111% in January 1960. While six percentage points may not seem a radical change, it certainly has a tremendous impact when you are on the receiving end of its cumulative effect, which is the case at Aeroquip Corporation and most other companies serving capital goods industries.

As to prospects for a turnabout, I find some encouraging signs on the immediate horizon. However, the indexes, the surveys, field reports at Aeroquip, none of them provides indications that a substantial increase in business activity is near at hand.

Spending for capital items—new plant and equipment—is slated to decline during 1961. This is a source of concern because capital outlays are a vital fuel for a significant business acceleration.

Even though inventories have been pared severely, this has not led to important reorders to replenish supplies. We are hopeful that the bottom has been reached.

The same expectation prevails with respect to unemployment levels. Work staffs have been trimmed very closely in most cases.

In contrast to the United States, one of the most prominent features on the international scene in 1960 was the continued economic advances made in Western Europe, particularly in West Germany, Aeroquip anticipated this trend some time ago and we now have new plants operating in Baden-Baden and in Hann. Muenden, West Germany. Initial reports confirm the soundness of this expansion move. Our experience is typical of the reactions of many U. S. industrial concerns that have undertaken similar projects overseas.

In 1961, an important influence in the U. S. economy will be the anticipated rise in Government spending in various areas: the defense program, highway projects, housing and urban development, aid to distressed regions, and new educational facilities.

However, it would be contrary to traditional American concepts of free enterprise if business decided to depend entirely upon Government assistance to correct economic trends.

While Government participation is esential in certain instances where national interests are involved and when private enterprise cannot fully handle the problem, there is always a great deal that industry can do on its own to help change the outlook.

For one thing, we should have sufficient confidence and courage to plan boldly for the future, even when faced with an interim period of decreased earnings. Specifically, research and engineering programs must be sustained. These are activities which generate new ideas and stimulate new business—and also place a company in a favorable position to do better than average when conditions improve.

It is distressing to see the paradox of America's enlarged productive capacity in only partial use at a time when an expanded labor force is available to put these facilities into motion.

To remedy this, I propose a classic American prescription—hard thinking and hard work. If that doesn't do it, then think harder and work harder.

WILLIAM E. IRVIN

President, The Idaho First National Bank, Boise, Idaho

Looking backward at our accomplishments and assessing the fruits of our labors in 1960, we are satisfied. Normal progress has been made. Idaho's economy has followed closely the national pattern. Agriculture—our No. 1 producer—and the companion industry, livestock, have carried the load; and we anticipate when the results are all in, we will find in the over-all our people have lived quite comfortably, if not prospered. Potatoes—a real winner—price and yields above average. The many processing plants that have been built have brought great price and market stability to this crop. Sugar beets were profitable. The cattle industry—both range outfits and feeders—has fared reasonably well in spite of declining prices. We point to greater efficiency and better methods by our producers. The lumber industry and the mining industry—No. 2 and 3, respectively, in importance in our state—have been our weak spots; but, strangely enough, our people in the areas where these industries are dominant have come through much better than one would expect.

William E. Irvin

The above observations are based largely on the business activity we see in our bank. We have approximately 35% of the bank deposits in Idaho—$225 million—and this volume is comparable to the figures of a year ago. Loans are running at the $115 million level, and our experience in handling these in our 35 offices located in most of the important communities has been uniformly good during the year of 1960. We know this would not have been the case if our people were not gainfully employed with production and prices approaching reasonably normal levels.

So much for the past—now our predictions:

Idaho has a great future. Industry and people will seek out Idaho in increasing numbers to share in the development of our great natural resources—productive land, ample water supply, power unlimited, moderate to mild climate, and vast untapped mineral wealth. We have an expanding market within our borders and the growing West Coast markets are taking an increasing amount of our production. The near-term and long-term outlook for the State of Idaho can only be viewed with high optimism.

P. M. JARVIS

President, Swift & Company

The over-all outlook for the meat packing industry in 1961 indicates livestock supplies will be plentiful, providing a good flow of product through plants. A growing population, plus an upgrading in diets, should increase the demand for basic human foods. Consumer buying power continues at a high level.

P. M. Jarvis

Meat production is expected to set a new record in 1961. The U. S. Department of Agriculture predicts a total of 28.7 billion pounds. This is enough to supply consumers with about four pounds more per capita than in 1960 or a total of 165 pounds. Most of this increase will come from beef.

Cattle numbers on farms are at a record level. Increased marketings are predicted for the next few years, with a 5% to 10% pickup in 1961. Pork supplies during the first half of 1961 will be less plentiful than a year earlier. Pork output for the second half of 1961, however, probably will be above that of the same period in 1960. Only a moderate gain in calf processing seems likely for 1961. Lamb production will be about the same as 1960.

For our company, a patented process for increasing tenderness in all cuts of beef promises far-reaching results. This recent product of Swift research involves the addition of a natural food enzyme to cattle just before processing. The tenderizing action does not take place until the meat is cooked. This new tendered beef, trademarked ProTen, is being processed in five U. S. plants and one in Canada. Production will be expanded as soon as new processing facilities can be provided at our plants. Retailer and consumer acceptance has been excellent.

HON. JACOB K. JAVITS

U. S. Senator From New York

Nineteen Sixty-one can prove a very prosperous year if we have the vision and courage to move out into the world with our resources—both human and material—on a scale requisite to the needs of peace and freedom with justice. The prospects for peace and U. S. peace leadership in 1961 will depend as never before on the effectiveness of our aid and trade policies. For, the "cold war" is turning into a fierce economic and social struggle between the free industrial nations and the Soviet Bloc, as Premier Khrushchev threatened it would, with the immediate Communist objective a take-over in the underdeveloped areas of the free world in Asia, Africa and Latin America. In many such areas notwithstanding the great aid already given, mainly by us, the average living standard continues to be a distressing composite of poverty, hunger and disease. This is also heavily attributable to the population explosion in these areas. Unless we help them to attain a satisfactory rate of development, and this means surpassing what they have achieved so far, the free world may suffer irreparable losses to communism.

Hon. Jacob K. Javits

We have learned that economic aid and technical assistance from governments alone to these less developed areas is not enough; we need private foreign investment but we must also coordinate better the aid and assistance we are now giving both bi-laterally and multilaterally—with the other principal industrial nations of the free world and through the United Nations—or we shall fall materially short of our objective. This is the great significance of the recently established Organization for Economic Cooperation and Development (OECD) the successor to the Organization for European Economic Cooperation which contributed so much to the success of the Marshall Plan. The OECD, with the United States and Canada as full members along with 18 other leading Western European nations, is our best chance to make the Atlantic Community articulate and decisive in terms of its economic performance in defense of freedom, just as NATO has been the means of militarily helping to secure Western Europe against the threat of Communist aggression.

Vital as direct aid is to newly developing areas, of primary importance to their economic diversification and development are the earnings realized from their raw materials exports, which include many strategic materials free industrial nations must have in steady supply to assure their own economic expansion and prosperity. Therefore, in 1961 I look for a real effort to achieve greater stabilization of prices and supplies with perhaps the first step an authoritative declaration upon which primary producing countries may depend regarding the prices raw materials can be expected to bring on free world markets in the proximate future.

Trade will be a major issue in 1961 as we endeavor to increase exports to deal with our imbalance of international payments. As a correlative factor to an exports drive we will have to expect to feel the impact of growing competition from foreign imports. Also, we will be considering problems of goods manufactured abroad by American firms for sale largely in overseas markets and in some instances for sale in the United States. I believe our reciprocal trade program will be continued and that the Federal Government is likely to recognize its obligation to assist businesses, communities and workers temporarily hurt by imports required by the national interest in expanding trade. Such adjustment assistance may well come in as part of a depressed areas bill. Also, there will undoubtedly be an attempt at regulation, probably through tax laws, to lessen the impact on the United States economy of the operations in industrialized areas abroad by U. S. firms, while at the same time private investment by U. S. firms in the underdeveloped areas is encouraged.

Confirmation by the Congress of United States membership in the OECD may well help resolve within the year the conflict between the two European trading blocs — the European Economic Community and the European Free Trade Association. Should they discriminate against the imports of non-members, including those from the United States, it would invite retaliation and we would be in danger of serious trade losses among some of our best and biggest customers.

If vigorous action is taken to expand United States exports and to increase foreign tourism to the United States as well as to undertake the other activities mentioned above, it can obviate the need for drastic restrictions on trade or investment by Americans abroad as a means of redressing the imbalance of our international payments. The original order to recall a large number of dependents of U. S. personnel overseas indicated to our allies just how seriously we considered our balance of payments and gold stock situation. Recently, several have demonstrated an increasing willingness to cooperate with us in helping to reduce our deficit now, rather than run the risk of our having to take major emergency measures later that could prove harmful to them.

When the history of this decade is written, the most exciting chapter will not detail the flow of aid or trade or dollars; it will chronicle the achievements of hundreds of thousands of young Americans who heeded the modern day challenge to "go world, young man, go world." Individuals, government, business, society, art and culture must all embrace this pioneer spirit of the 1960s to see that freedom prevails.

FRANK W. JENKS

President, International Harvester Company

We have entered the 1961 fiscal year with the expectation that there will be an improvement in our business as the year progresses, although the outlook for the first quarter of 1961 is not very promising.

Frank W. Jenks

The market for heavy-duty motor trucks is particularly sensitive to general business conditions, especially in industries such as housing, mining, lumbering, and oil field exploration, as well as the operations of highway haulers. There has been softening in these markets for some months. We do not now see any factors which would bring an upsurge of heavy-duty truck business, but we do expect an active replacement market.

Currently the light-duty truck market is more active, since these vehicles go mainly to retail and service industries. We do not expect any sharp increase in this business, but we believe the market should hold its present levels. All in all, we anticipate a good motor truck business.

The retail farm equipment market this fall has been somewhat improved. There has also been an upward trend in gross farm income, as a result of improved hog prices, generally steady cattle prices, and an improved cotton situation. It is not likely that we will have a recurrence of the very adverse weather conditions which hampered selling in early 1960.

For these reasons, it seems reasonable to expect that there will be a moderate improvement in our farm equipment business.

Preliminary estimates of total construction in 1961 are not greatly different from those for 1960, but there is expected to be a measurable increase in highway construction. Since that is perhaps the most important single market for our construction equipment products, it is encouraging. Based on this and on our expectations from new or improved products to come, we believe our 1961 construction equipment business should be somewhat improved.

With the present low production levels, which will probably continue for a time, our Wisconsin Steel Division will do well to equal its 1960 results. The best hope for improvement is a possible pickup in the later months of 1961.

The Canadian subsidiary now expects that its farm equipment business will be somewhat improved in 1961, while other sales remain about the same. In total, the

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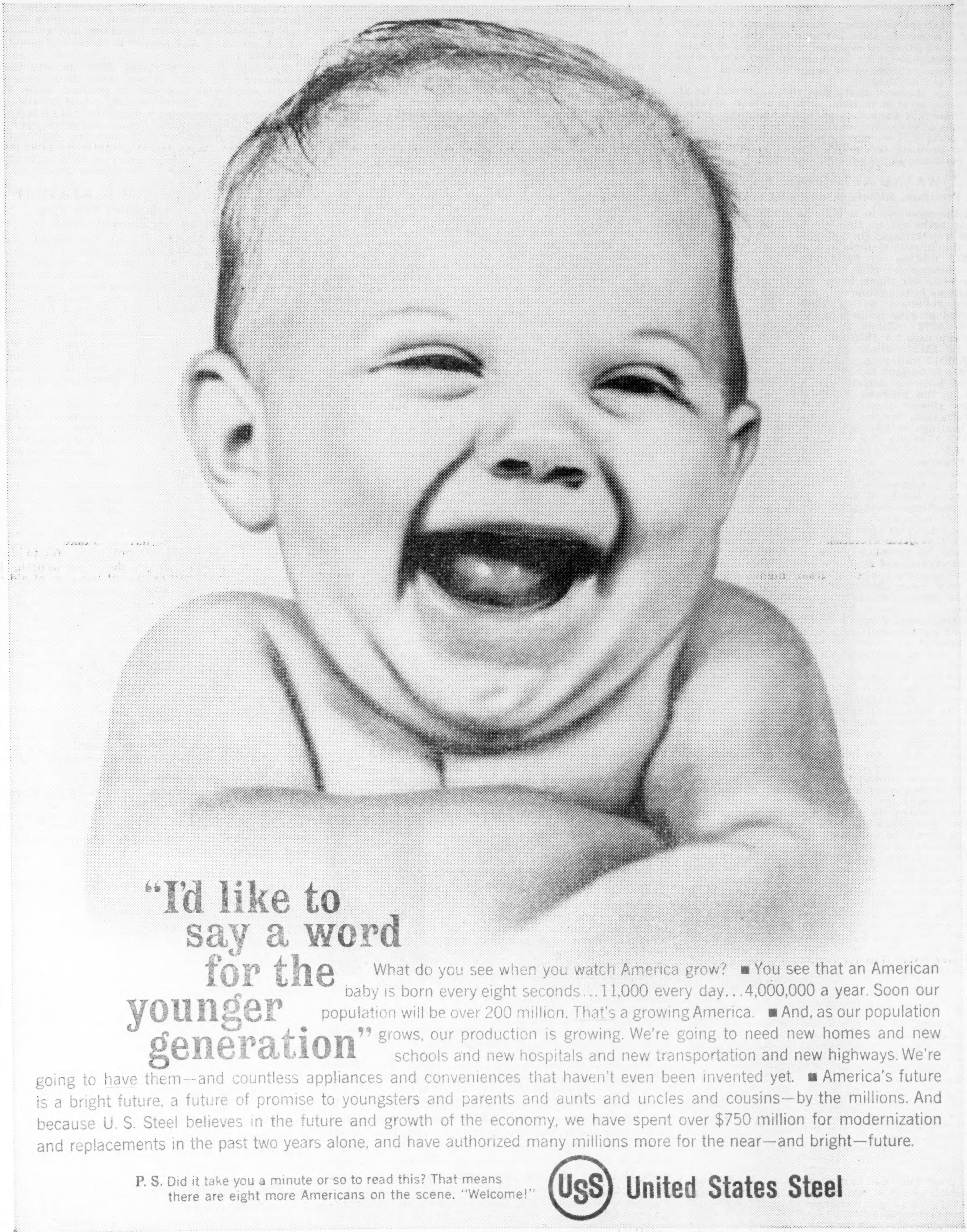

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Canadian management expects to equal or slightly exceed 1960 results.

Our other foreign subsidiary companies are generally estimating a moderate sales increase for 1961. Exports from the United States to overseas companies will probably be approximately the same as in 1960. Our total foreign business should show some increase if these expectations are fulfilled.

Summing up, it seems likely that 1961 sales will be at about the same level as in 1960, perhaps a little greater. Since we know that wage costs will advance under existing provisions of our union contracts, and we can assume that other costs will increase, too, our task is to try to manage the business in such a way as to offset these increased costs and improve profit margins.

WAYNE A. JOHNSTON

President, Illinois Central Railroad

Failure of the economy to respond to early expectations for 1960 is reflected in the operating results of the Illinois Central Railroad for the year. At this time it is estimated the Illinois Central will have net income for 1960 of $11 million, or $3.53 per share. Net income for 1959 was $15 million, or $4.82 per share, based on 3,118,220 shares outstanding.

Wayne A. Johnston

Operating revenues during 1960 are estimated at $262 million, compared with $272 million in 1959. Operating expenses for 1960 are expected to be $212 million, as compared with $213 million a year ago.

The economic outlook for 1961 and the area of business activity upon which we in the railroad industry depend now appear uncertain. Our present projections for the year indicate carloadings of 1,640,000 compared with 1,748,000 for 1960, a decline of 6.2%. Of this basis revenues of $248 million are indicated. Tailoring our expenditures and various programs to this outlook, Illinois Central expenses will be $192 million. Net income for 1961 is estimated to be about $12 million. This planning is expected to continue the present strong financial position of the railroad.

Capital expenditures of about $16 million are planned for 1961 of which $11 million will be for equipment and $5 million will be for roadway improvements including 127 miles of centralized traffic control. This compares with capital expenditures of $30 million in 1960 and $18 million in 1959. From 1950 through this year the Illinois Central has made capital improvements totaling $280 million.

The 1961 equipment program includes the building or purchasing of 1,375 freight cars at a cost of about $10 million. A new diesel passenger locomotive will be acquired at a cost of $252,000 to replace a similar unit being retired.

The Illinois Central broadened the scope of piggyback service in 1960 to include interline handling of trucks of common carriers. During the year the Illinois Central established its first joint railtruck rates covering the handling of piggyback trailers. The railroad's trailer fleet was increased to 211 units with the acquisition of 41 additional trailers.

In the area of industrial development, 95 new or expanded industries with a construction value of $80 million were located on the Illinois Central in 1960. These industries will produce an estimated additional $5½ million in revenues annually for the railroad.

The Illinois Central has been a strong advocate of transportation diversification, believing any transportation company should be permitted to use all tools of the trade whether they be trains, planes, vessels or highway vehicles. In accordance with this concept, the Illinois Central in December 1959 joined with the Southern Pacific Railroad in an application to the Interstate Commerce Commission for authority to acquire the John I. Hay Barge Company at a cost of $9 million. This line operates on the inland and intracoastal waterways in the territory served by the two railroads.

During 1960 the Illinois Central acquired the Peabody Short Line Railroad and a mine lead and loading docks at a cost of $5,200,000. The line operates in the East St. Louis area coal fields.

DWIGHT P. JOYCE

Chairman, and President, The Glidden Company

Fiscal 1960 proved to be a satisfactory year for The Glidden Company, and we anticipate that, barring unforeseen events, the coming year will be one of greater productiveness and growth. Generally, the outlook for our present three divisions—Paint, Durkee Famous Foods and Chemicals—is favorable. Sales in our Paint Division, both consumer and industrial, reached an all-time high in 1960; and we expect that this record may be surpassed in 1961.

Dwight P. Joyce

Full-scale national marketing of Spred House Paint, a new latex-emulsion paint for exterior wood siding, was launched during the spring of last year; and we were gratified by the enthusiastic response which this product received. We believe that this type of product will eventually occupy as strong a market position as is now enjoyed by interior latex base paints such as our Spred Satin.

During the past year we devoted considerable attention to the development of new markets for industrial resins and coatings, and we intend to step up this activity in 1961. Research and development expenditures have been substantially increased in our Paint Division, and existing technical knowledge will be concentrated in the coming year on selected fields of special promise in which Glidden is not now active. An integral part of this program is the inauguration of cooperative development projects with firms in the paper, plastics and metal decorating industries.

During 1960 we introduced a number of new acrylic enamels to the appliance industry and other metal fabricators, and further improvement was made in water-reducible finishes for automotive and general industrial use. We believe these segments of our business will see a substantial expansion in the coming year.

We have continued to place heavy emphasis upon enlargement of our distribution system for consumer paint products, including further acceleration in the opening of company-operated wholesale-retail outlets.

In our Durkee Famous Foods Division, the prospects for continued improvement during the current year are good. A new pourable cake shortening called Fluid Flex was introduced to the commercial baking industry during the past year, and initial interest in this completely different product was encouraging. Another new edible oil product, Kaola Gold frying shortening, was successfully introduced to restaurants, drive-ins and other mass-feeding establishments.

During 1961, we intend to place even greater emphasis on research and development activities in our Durkee division. Additional key personnel have been employed for both functions and budgets have been increased. In addition to internal growth, an active search is being conducted for the acquisition of specialty food concerns and grocery items to broaden the division's product line.

With regard to Glidden's Chemicals Division, which consolidates our pigment, metal powder and organic chemical operations, the outlook for the coming year is most encouraging.

During the past year, we completed the construction of additions to our titanium dioxide plant in Baltimore which will increase the efficiency of our manufacturing operations and provide us with a substantial increase in capacity. This increase, combined with an aggressive research and development program designed to uncover new uses for titanium dioxide, will enable us to take advantage of new market opportunities as they arise.

Also in this division, construction of a new synthetic menthol and aromatic chemical plant at Jacksonville, Florida, has proceeded on schedule; and limited quantities of menthol have been produced and successfully marketed in recent months as a replacement for natural menthol. In 1961, the Javksonville plant will gradually be brought to full-scale commercial production.

We anticipate that 1961 will see a considerable acceleration in The Glidden Company's international activities. We are becoming firmly established in key Latin American countries and expect to expand our operations into parts of Europe in the very near future.

WILLIAM G. KARNES

President, Beatrice Foods Co.

From the viewpoint of the economist, perhaps the greatest single attribute of the food industry is its stability. Although consumers vary in their food choices, the yearly quantity of food consumed per capita remains virtually unchanged, with the result that population increases bring almost automatic year-to-year increases in total food consumption. Generally, our food industry has been able to meet the nation's food needs with an abundance of all commodities and should continue to be able to do so.

William G. Karnes

From the housewife's viewpoint, progress in the food industry is dynamic and highly beneficial. To meet the nutritional needs of her family, she has been able to choose from a wider and wider variety of foods with the assurance of almost continual year to year technological improvement in quality and convenience. In the mid-1930s, a third of our families had diets that were classed as poor.

If the same nutritional yardsticks were applied in 1960, only about 10% of households would have poor diets. With better nutrition, today's children grow sturdier and taller. Two-thirds of the items carried by today's supermarket are either new or have been basically improved just in the post World War II period.

Yet prices have remained stable, with no increase in over-all food prices since 1952. Stated in terms of real purchasing power, the figures are startling. The American factory worker now can buy the Government's standard family market basket of farm foods for less than 40 hours of work per month. In 1952, 51 hours were required.

Looking ahead to 1961, there seems to be little prospect of any change in our trend. There should be a plentiful supply of everything and we can promise a continuing flow of new and improved package foods and grocery products. The dairy industry will continue to provide nutritive values of the highest order at a level of costs that is among the lowest of all the major food categories.

This ability and capacity to provide higher values at low selling prices, in the pace of continually rising costs, can be attributed to the ingenuity and resourcefulness of the processor and farmer in becoming steadily more efficient.

Speaking for our company alone, we are continuing to concentrate much of our research on improvement of processes and methods, to produce better products more efficiently. The consuming public is eating greater quantities of the items we sell — particularly bottled milk, cottage cheese, ice cream, margarine, and various convenience foods. Even though the economy of the country generally might not be up to the peak level during the first half, we anticipate a relatively good year in 1961, with sales equal to or slightly better than 1960.

HON. KENNETH B. KEATING

U. S. Senator From New York

America's Economic Goals

The overriding problem facing the United States and the free world is the threat posed by the Communist bloc. The Soviet Union with its greatly expanded strength in the military, economic, and propaganda fields, is more than ever determined to achieve communist domination of the world. Equally aggressive is Red China, bent on transforming itself into one of the major powers of the world through the use of the standard totalitarian techniques employed by Communist states. Confident of their success, the leaders of the Sino-Soviet states may be expected to redouble their efforts in the years ahead to extend their influence and control by means of military threats, economic aid, and political subversion.

Only a few years ago, we lightly dismissed Communist potentialities on the economic front. We have since learned that by employing dictatorial methods and disregarding the human costs involved, a highly centralized state can make great strides in industrialization. The Soviet economic offensive is today very real and extremely far-reaching.

Our efforts to counter this offensive by strengthening America's domestic economy and the international economic position of the free world must be more than a simple response to Soviet intimidation. Accelerating the growth rate of our economy and improving living standards throughout the world is an absolutely vital goal—above and beyond threats posed by the Communists. For the sake of our nation and of all of the nations of the free world, we must continue to demonstrate the inherent vitality of free government.

America's free enterprise system long has been a liberating force in human history—liberating the masses from the fear of poverty and at the same time encouraging the widest equality of opportunity and the maximum of human freedom. For over a century our national output, allowing for price changes, has increased on the average at an annual rate of 3½%. This has resulted in the United States becoming the most advanced industrial nation in the world.

We dare not rest on past laurels. In 1961 and in the years ahead we must devote our full energies to the continuing process of building and sustaining our great nation. Let us look briefly at several of our most important and immediate national economic objectives.

(1) Acceleration of economic growth:

Above all, it is through accelerating our growth rate that we can achieve full employment, raise our living standards, improve housing, expand educational opportunities, provide more adequate health programs, strengthen our national security, and carry out our many responsibilities abroad.

(2) Economic stability:

In utilizing flexible monetary and fiscal policies to promote economic stability and growth, we should choose those measures that will strengthen our free enterprise system and will at the same time protect the soundness of American currency.

(3) Full Employment:

We cannot afford idle workers and idle facilities. We must seek to stimulate the employment of these resources to the fullest possible extent, both in our nation as a whole and in those pockets of serious unemployment and human hardships which have in recent months received wide public attention.

(4) Scientific and technological advance:

Never before has the advance of technology depended so much on the cultivation of new knowledge and the fostering of basic research. We must therefore seek to strengthen our educational system and devote a higher proportion of our national product to educational purposes and basic research.

(5) Defense preparedness:

In order to reduce the danger of war, our defense effort must be maintained and augmented. Intensifying these efforts is also of real assistance in our negotiations with the Soviets on the important issues dividing East and West.

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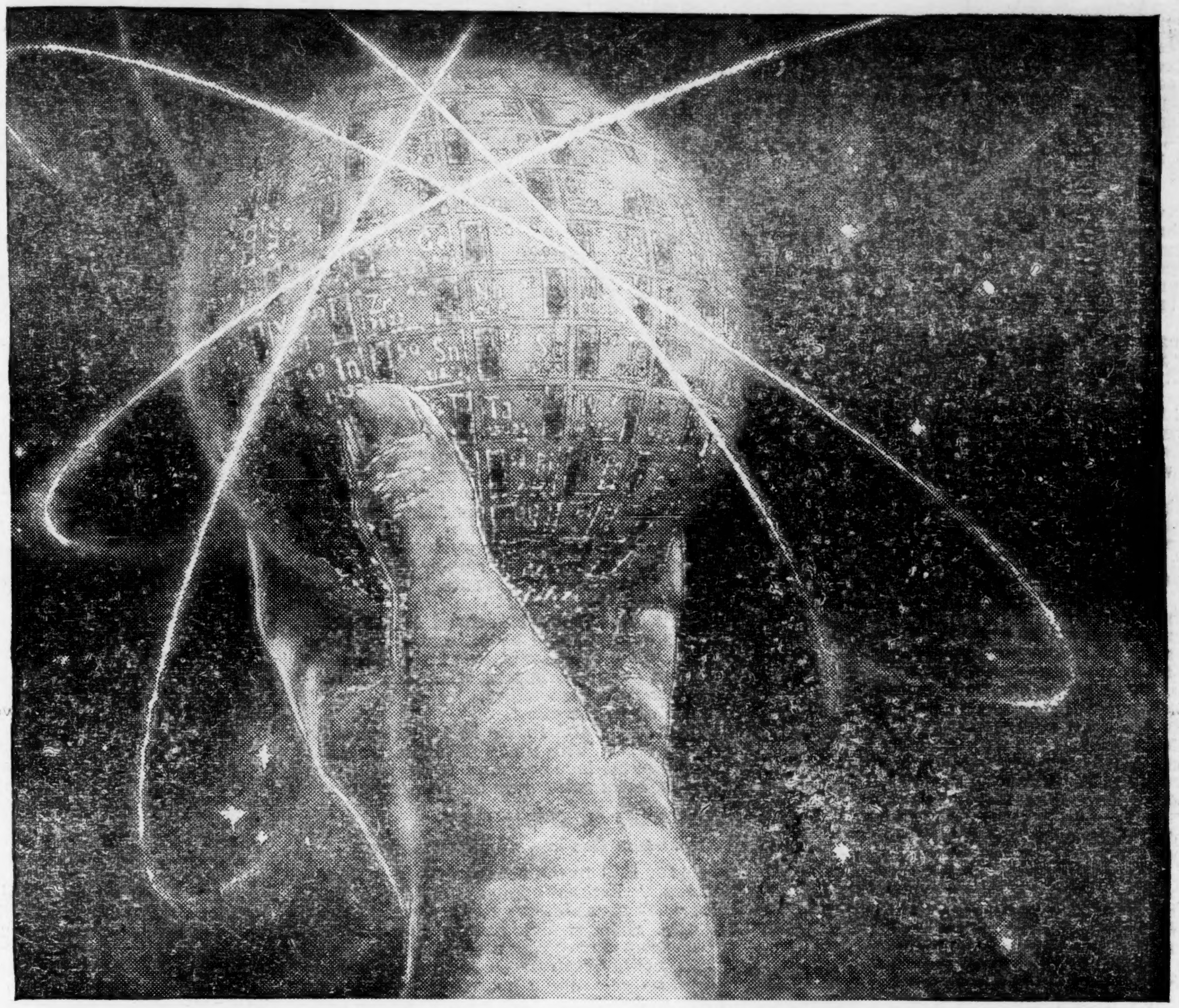

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J. W. KEENER

President, The B. F. Goodrich Company

World rubber consumption, exclusive of Iron Curtain synthetic rubber, should reach a new high of 3,800,000 long tons in 1961, an increase of 1% above this year's record. United States consumption will be around 1,555,000 long tons, about the same as in 1960. The rest of the world will use approximately 1,800,000 long tons, an increase of 3% over 1960. Iron Curtain natural rubber imports account for the remainder of the 3,800,000 long ton world estimate.

J. W. Keener

Synthetic rubber is expected to continue to capture a bigger share of the total rubber market, reaching 71% in the United States and more than 37% in the rest of the free world.

Total business activity will continue near current levels through the first half of 1961, but is expected to swing upward in the second half. The gross national product is expected to reach an all-time high of $513 billion, $9 billion above 1960.

Domestic sales of passenger car tires for replacement purposes are again expected to set a record of 72 million units, compared with about 69 million units in 1960 and 66.7 million in 1959.

The number of cars and trucks on the road continues to increase each year. Even though some of these are compact cars, which have smaller tires, the over-all gain in the number of vehicles will keep rubber consumption high.

To supply growing markets around the world, B. F. Goodrich has been building new plants and expanding existing facilities on five continents during 1960. These include new tire plants in Melbourne, Australia; Campinas, Brazil; Kitchener, Ontario; Teheran, Iran; expanded facilities at Miami, Oklahoma, and a large plant now under construction in Indiana.

B. F. Goodrich Chemical Company, a division, announced construction plans for plants to produce Geon vinyl resin near Bogota, Colombia; Melbourne, Australia; and Long Beach, California. This division also announced facilities for production of chemicals in Argentina and a substantial expansion of its synthetic rubber producing facilities at Arnhem, The Netherlands.

Construction of our sixth U. S. tire manufacturing plant is proceeding on schedule at Ft. Wayne with completion scheduled for the third quarter of 1961.

A substantial expansion, which will include facilities for production of white sidewall tires, is under way at our Miami, Oklahoma, plant.

B. F. Goodrich Canada, Ltd., recently announced plans for a major tire plant to be erected in Kitchener, Ont.

Our international division, International B. F. Goodrich Company, dedicated two new tire plants on opposite sides of the globe on the same day, March 22. One is owned by B. F. Goodrich Australia, Pty. Ltd., a subsidiary in which B. F. Goodrich is in partnership with Ampol Petroleum, Ltd., a major Australian oil company. The other is owned by B. F. Goodrich do Brasil, a subsidiary.

Construction is proceeding on a tire and tube plant for our subsidiary, B. F. Goodrich Iran, S.A., in Teheran, Iran. It will be the first plant of its kind in that country.

An expansion to increase production of rocket motors has been announced for our Rialto, California, plant; new major distribution centers are being established for the Salt Lake City and St. Louis areas, and a new retread plant is being built near St. Louis.

Other major distribution centers and tire retread plants were built at San Francisco and Salt Lake City recently.

Our B. F. Goodrich Chemical division recently began production of vinyl resins and compounds at its new plant in Long Beach, California.

CHARLES H. KELLSTADT

Chairman of the Board, Sears, Roebuck and Co.

The year 1960 has represented a pause, or hesitation, in the growth of the economy which I believe is best described as a "rolling adjustment." Certain areas of activity, such as steel production, could definitely be called recessionary. Others, such as retail sales, have set new records. However, because we have "rolled" through so many adverse phases in 1960, I feel we are about to roll upward and that the pace of economic activity will improve in 1961.

Charles H. Kellstadt

The major impact of the change in inventory policy probably has already been seen. The fourth quarter of 1960 and the first quarter of 1961 may witness some further decline in inventory levels, but of smaller proportions than has already transpired. In fact, in the first quarter of 1961 I would not be surprised to see what I would term "involuntary inventory liquidation," as final demand improves, but with manufacturers not advancing production schedules proportionately.

Sluggish demand for appliances, furniture and home furnishings has been a characteristic of the retail sales picture in 1960. Since residential building as yet has shown no definite sign of an upturn, I do not expect demand for major household durable goods to show great vigor during most of 1961. Nevertheless, there should be some improvement over 1960.

The durable goods portion of consumer expenditures very likely will be at about the same level in 1961 as in 1960 and 1959, with a gradually rising trend as we get into the second half of the year.

Volume in nondurable goods has been well-sustained, despite the fact that 1960 has been, on the whole, slightly disappointing to retailers. The projection I have made of a 3½% increase in 1961 is about the same as the nation has realized in 1960.

In consumer services, there are good reasons for expecting continued expansion not only in 1961, but for many years to come. Expenditures in this category should show an increase of 5½% in 1961 over 1960, and that is a conservative estimate.

If our projections materialize, the year 1961 should show a Gross National Product of $521 billion, up 3½% from 1960. This would not be a boom, but it probably is higher than many are now anticipating. And if time proves these projections to be wrong, I feel it will be because they are too low.

One curious aspect of consumer buying of goods this past year, both durable and nondurable, may contribute to even more favorable results in the coming year than I have projected.

Over a long period, it has been observed that retail sales run quite close to what can be estimated from the level of personal income. Since October, 1959, however, retail sales have been lower almost every month than the level warranted on the basis of income. If earlier experience is a guide for projections, in the very near future retail sales should rise to somewhat higher levels than would be expected on the basis of consumer income —and this relationship should continue for most of 1961.

Consumers begin to catch up on their postponed purchases when it becomes evident that conditions are beginning to improve or are not growing worse. They frequently tend to do this before manufacturers reverse their inventory policies. It is for this reason that I mentioned the possible "involuntary" inventory liquidation in the early part of 1961.

The drop in retail sales from the second to the third quarter of 1960 was accompanied by an unusually large increase in savings. This represents an improvement in the financial position of the consumer, which has favorable connotations for future spending.

It is the silver lining in the cloud.

Retail sales of general merchandise in 1961 should be at least 3 to 4% over 1960. This much gain is warranted by the anticipated rise in income. And if an improved psychology develops, sales gains may be even greater.

DONALD S. KENNEDY

President, Oklahoma Gas and Electric Company

Business prospects for 1961 in the area we serve in Oklahoma and Western Arkansas appear very favorable. Builders estimate 4,000 new homes will be started in the Oklahoma City area alone, which should continue the long-term growth trend here. Oklahoma City ranked 10th in the nation in percentage growth of the major cities by the last census, with an increase of 32% above 1950. Several important new industries have been established within our service area within the past year and are either completed or under construction. Some of the larger plants are as follows:

Donald S. Kennedy

Western Electric Company dedicated its new plant in Oklahoma City May 24, 1960. The plant, which contains 1,300,000 square feet, is manufacturing crossbar switching apparatus and PBX boards for the Bell Telephone System. Present employment is approximately 2,800 and expected peak employment will be about 4,000. The estimated full load is 13,800 kw.

Norge Division, Borg-Warner Corporation, is constructing a plant of 1,100,000 square feet in Fort Smith, Ark. for the manufacture of household appliances. The expected opening date is July 1, 1961. The initial employment will be 1,500, with an estimated peak employment of 2,000. The estimated load within two years is 10,300 kw.

Ohio Rubber Company is constructing a plant of 230,000 square feet in the Fort Smith area for the manufacture of molded rubber products for automobiles and the building trade. The expected opening date is Feb. 1, 1961. Initial employment will be approximately 500 with an expected employment of 700 within 18 months. The estimated load within two years is 5,000 kw.

The Federal Aviation Agency's Aeronautical Center at Oklahoma City has started an expansion program, which includes 230,000 square feet for aero-medical research, airmen's record and examination branch and additional student training facilities. The expected additional employment is 650 persons.

Great Lakes Carbon Corporation has purchased 160 acres north of Enid, Okla. for the construction of a coke calcinating plant. The office building and railroad siding are completed and stockpiling of coke has begun.

The Poxyglas Division of Black, Sivalls & Bryson has begun operation of new 50,000 square foot plant in the Industrial Airpark at Ardmore, Okla. This plant will manufacture large filament-wound fiberglass tanks for the oil and chemical industries. The plant is now operated on a 24-hour basis.

Oklahoma farmers produced record crops during 1960. Gross farm income from crops and livestock will amount to approximately $660 million. The crop value was the highest in 13 years. The production of wheat totaled 121 million bushels, an all-time high. Grain sorghum crops were also the largest of record and hay tonnage exceeded previous records. Rainfall was above normal during May, July, August and October. Pastures were unusually good; therefore livestock production was high. This record farm production strengthened the whole economy of the area.

We forecast an increase in electric revenue of 9% for 1961, which compares with a 7½% increase for last year. The estimate indicates substantial increases in sales to all classes of service; particularly, residential, commercial and industrial business.

Our construction budget for 1961 is $14,500,000, which compares with an expenditure of $13,500,000 in 1960. The 1961 budget includes the start of a 234,000 kilowatt addition to our generating facilities, which is scheduled for completion in May, 1963. The company now serves a total of 346,000 customers in 261 communities in Oklahoma and Western Arkansas.

S. M. KENNEDY

President, Consolidated Foods Corporation

Last year at this time the air was filled with optimism as all segments of our economy looked forward with eager anticipation to the golden era of the "Soaring Sixties." During the ensuing 12 months, this exceptionally sunny outlook gradually grew dim as economic storm clouds showered us with the ingredients for a general leveling off of our national economy. As we enter the new year, present indications are that this leveling off period will persist until mid-1961 for most industries.

S. M. Kennedy

Judging by past performances, this mild economic slowdown shouldn't have any serious effects on the food industry. To prove this statement, one need only examine the food industry's record during the past 15 years, during which time the food field has been practically untouched by periods of national economic readjustment. In view of this record, it seems safe to predict that the food industry will continue to advance during the new year. Adding credence to this optimistic forecast are such favorable current conditions as our expanding population and our high level of personal disposable income. A third safeguard is the fact that our people generally maintain their eating standards during times of modest economic disturbances.

Quite naturally, the prospects for an over-all increase in the food business for 1961 don't predetermine that every company will share in this gain. Keen competition will limit sizable sales growth to aggressive, cost-conscious operators using dynamic merchandising programs to produce greater volume at a satisfactory profit. Alert, intelligent management will prove a primary necessity in realizing these achievements.

In meeting the challenges of the new year, the food field will have another fine opportunity to demonstrate its vitality and its capacity for growth, two factors which have contributed heavily towards making the food business this country's leading industry.

JOHN E. KENNEY

President, Foster Wheeler Corporation

As American industry enters 1961, it is standing on a technological plateau and is building the firm foundation for a climb to even greater heights. Engineers are consolidating the remarkable scientific progress made in recent years and are preparing for a new generation of industrial developments. In many instances this consists of the integration of advancements made in separate fields and is particularly well exemplifield in the two principal areas of our own activity — steam generating equipment for the utilities and petroleum and chemical processing plants.

John E. Kenney

In addition to being very basic industries for which all economic forecasters are predicting significant capacity increases, both are extremely progressive and far-seeing. Yet, current expansion programs are of a rather spotty nature. We are convinced that one of the prime reasons for this apparent delay in some industries is the preparation for these "new generation" developments.

One example that can well be cited in the process plant field is automation. Up to this time, computers have been applied to processes which were essentially conceived for human operation. Some difficulties have arisen, as they will in most new development.

But the forthcoming new generation of computerized plants is now on the drawing boards—plants specifically designed for computer operation and capable of realizing the full potential now latent in this concept.

The utility field is undergoing similar experiences in the development of more economical nuclear-power plants while technology is simultaneously making new advances in fossil-fueled facilities.

As to the financial performance of Foster Wheeler Corp. during the past year, the firm's backlog of unfilled orders has gained over the previous year and yet

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showed a 7 to 10% increase in billings during 1960. As was the case with many other corporations, however, Foster Wheeler's profit margin for the year was lower than in 1959.

The company's financial position is its strongest ever. Overhead costs have been trimmed and the firm's foreign subsidiaries are operating more effectively and efficiently. By way of illustration, Foster Wheeler Limited, in England, will be moving into new and larger quarters in the coming year.

Among the more important contracts completed during the past year by Foster Wheeler are the following: A $7 million de-waxing plant at the Tulsa refinery of DX Sunray Oil Co. having an annual capacity of more than 100 million pounds of paraffin and microcrystalline waxes; a 100,000 barrel-per-day refinery for Esso Petroleum Co., Limited, at Milford Haven, Wales; the addition of 70,000 long-tons-per-year expansion of the ethylene complex at the Fawley, England, refinery previously built by Foster Wheeler for Esso; a complete 24,000 barrel-per-day refinery in Philippine Islands; and a Bomarc missile base near Bangor, Maine.

As to steam generating equipment Foster Wheeler has installed more steam generating capacity during 1959 and 1960 than during the previous four years. Further, the installation of more advanced computers for engineering purposes, new manufacturing and research facilities indicates our determination to improve our position in the large steam generator business.

In addition, Foster Wheeler has maintained its position as a leader in the marine business, both in boilers and nuclear components, and our current backlog of this type of business is substantial.

There is no such thing as a technological recession. Industry is moving forward with the deliberate care with which all new developments should be considered before large scale adoption. And this foundation work is nearing the payoff stage when blueprints are converted into structures.

We look forward to 1961 as a year of continued keen competition—competition for which we are better prepared in all ways, and in which Foster Wheeler's reputation for quality, reliability and experience will stand the company in good stead.

ALLEN S. KING

President, Northern States Power Company

In 1960 Northern States Power Company experienced another year of record sales and revenues. Total operating revenues rose to $184 million, up about 8% over 1959, with the electric revenues reaching $153 million, up 7.5% over 1959. The acquisition on Jan. 29, 1960 of the electric properties of Mississippi Valley Public Service Company located in and around Winona, Minnesota contributed 1½% to our electric revenues.

Allen S. King

The year was marked by the completion in October of an electric generating unit of 183,000 kilowatt capability and by the introduction in the latter part of the year of natural gas into all of the remaining manufactured gas properties of the NSP System. Construction continued on the 66,000 kilowatt Pathfinder atomic plant which is scheduled for completion in 1962. Total construction expenditures during 1960 reached a new high of $54 million. To finance construction and property acquisitions, Northern States Power Company (Minnesota) sold $35 million of 5%, 30-year, First Mortgage Bonds.

Electric sales in total held up well throughout the year with residential and small commercial sales following well established trends of the past. In total, sales to industrial customers lagged only slightly behind past trends despite the slowing down in some lines of business activity. Sales to manufacturers of non-electrical machinery, rubber tires and paint were down from 1959 levels, reflecting shutdowns of certain individual plants as well as some changes in production requirements nationally. On the other hand, sales to the food industry, to manufacturers of electrical machinery, paper and paper products and to petroleum refineries showed increases of 6% to 20% over 1959. Sales to large commercial customers — department stores, office buildings, hotels, shopping centers—continued to move upward at a healthy rate of growth, about 14% over 1959.

One of the factors contributing to the maintenance of a steady upward trend for NSP industrial kilowatt-hour sales has been the introduction and development of new industries. The most spectacular growth in recent years has been in the technologically oriented industries engaged in the manufacture of electronic devices and components, plastics and control mechanisms.

Electronics and related science industries, most of which are located in and around the Twin Cities of Minneapolis and St. Paul, have developed rapidly in the last few years and have made the Twin Cities area one of the nation's fastest growing centers of electronics and related science activity.

A survey in October 1960 indicated that at that time there were 105 companies in the Twin Cities area engaged in electronics and related science industries with more than 35,000 employees and with estimated annual sales of over $500 million. These companies produce a wide variety of products, such as data processing systems, magnetic tapes for computers and sound and video recording, hearing aids, navigation and missile guidance systems, heating controls, servo-mechanisms and electro-medical systems. Hearing aids in particular have been a specialty in Minnesota for more than two decades and the business has developed to where the Twin Cities is considered to be the hearing aid capital of the world.

Because of its high proportion of residential and small commercial customers and its widely diversified industrial sales, NSP has not been significantly affected by the current business slowdown indicated by national statistics of industrial production and Gross National Product. Present indications are that generally favorable business conditions will prevail in the service area in 1961. Under such conditions Northern States Power Company is looking forward to another year of progress and growth.

MAXWELL C. KING

President, Pacific Finance Corporation

There has been no indication that the current slackening in the general economy will be anything more than a period of hesitation and readjustment and we look for a gradual upturn in business in the second half of 1961.

Maxwell C. King

Some effect of the slowdown will likely be reflected in the consumer credit business and we expect to see intensified competition. Consumer credit has become so vital a force in the economy, however, that its problems, too, can be characterized as problems of adjustment.

In the sales finance business, we have felt the impact of the compact car on both the new and used car markets during the past year. Domestic and foreign compacts together took nearly 32% of the new car market through the first nine months of 1960 and held near that level in the fourth quarter. The resultant reduction in average credit balances, with no compensating reduction in costs, created a cost-profit squeeze.

Sales of compacts on the same credit terms offered on higher-priced standard size cars and on more attractive terms than are available on used cars has had an adverse effect on the used car price structure.

With the seasoning of more than twelve months of compact sales behind us, however, we look for a more stabilized market in the coming year. It is not likely that there will be any easing of credit terms.

There may be a downward adjustment in automobile production in 1961, but with the current high inventory level to draw from, we expect sales to be very close to those of 1960, which was one of the industry's better years.

ARNOLD KOHLER

President, Briggs Manufacturing Co.

Any forecast of the plumbing fixtures and fittings industry is inevitably tied in with residential, commercial, industrial and institutional construction starts in 1961.

While 1960 was a disappointing year in regard to housing starts, Government estimates predict an increase of 50,000 in the year ahead, bringing the total to 1,300,000. One forecast points to a residential building market of $19 billion in 1961, including a greater proportion of larger, high quality homes. Other forecasts are less optimistic, but we are inclined to go along with the more hopeful assumption.

Arnold Kohler

From the standpoint of demand there would seem to be an ample number of factors to justify an increase in home construction: the population increases steadily; new families are coming into being, and the demand continues for new and improved living facilities. There is reason to believe that the strong rate of apartment building will be maintained.

Should our economy accelerate beyond its present rate of growth, there would be required an increase in construction of many kinds requiring plumbing facilities. These would include commercial, industrial and institutional facilities such as office buildings, factories, churches and schools, hospitals, hotels, motels, stores, Government buildings, research laboratories, and so on.

The remodeling and modernization of existing structures also absorbs considerable volume from the industry. It has been predicted that $23 billion will be spent in remodeling this year, with $15 billion being put into the light construction field.

While the market for products of the plumbing industry is significantly affected by general economic conditions, the quality, attractive appearance and usefulness of the products are important sales factors. The plumbing fixtures offered to prospective customers today, including all the major bathroom items and their fittings, are more efficient functionally, have greater eye-appeal and offer better value for the money than ever before. Variety is afforded to an almost limitless degree.

Manufacturers in the industry are constantly challenged by the increasing discrimination exercised by architects, builders, plumbers and users. The plumbing manufacturer today must be equipped with good taste, devotion to quality and efficiency, an awareness of what the public wants and good availability of the products to the market.

It is my hope that 1961 will be a year in which, by increasing our business, we may not only benefit ourselves, but aid the economy in general by providing additional employment and generating income for those who handle our output.

RAYMOND KOONTZ

President, Diebold, Incorporated

We are a leading manufacturer of bank protective equipment and office systems equipment. 1960 will be the eighth consecutive year in which Diebold has been fortunate enough to show an annual increase in sales volume and in net income. In many ways 1960 was a rather difficult year in our field, but the merchandising of new products developed in the last two or three years enabled us to show an overall increase in volume.

Raymond Koontz

We continue to place strong emphasis on new product development and product improvement. We have introduced two new products in the last half of 1960. One is a radical new concept in the design of bank vault doors. The other major new product is a Mechanized Shelf File designed to save both space and labor. Our office equipment products are sold on a user benefit basis and we look forward to increasing activity in this field in 1961.

We expect 1961 to be another difficult year for business generally but, on balance, face the year with cautious optimism.

RALPH J. KRAUT

President, Giddings & Lewis Machine Tool Company

Before commenting on the outlook for business in the machine tool industry during 1961, I would like to point out that in 1957 our business was booming. Some 300 companies in this vital capital goods industry shipped $1,088,450,000, which at the time represented a very good volume. There was much talk about the "Soaring Sixties" — about continued good business, with only minor adjustments. What happened? The 1958 recession developed into a three-year machine tool depression — fed by inflation induced high prices; by burgeoning foreign competition at home and abroad; by flight of venture caiptal abroad, causing reduced purchases of capital equipment in the U.S.A.; and by a number of actions of our government, including the sale of many government owned "surplus" machine tools at low prices. In 1958 shipments of the entire machine tool industry fell to one-half of the 1957 level; and new orders fell to one-third of the 1957 shipments. Ever since, the machine tool industry has been averaging very little more than one-half of the 1957 volume.

Ralph J. Kraut

While no outstanding uptrend is presently in prospect for the year 1961, we are confident that there will be a definite beginning of some worthwhile improvement for our long-depressed industry. The necessity of cost cutting in all metalworking industry is still a favorable factor, regardless of lower volume production. Enterprising companies are studying these situations carefully and are preparing for new methods and conditions to meet the challenge of our continually changing economic conditions.

Despite the disappointing showing of new orders in the machine tool industry immediately following the September Chicago Exposition, the new business on our particular lines has improved during the past two months and the early part of the new year. This applies to foreign buying as well. We realize that one or two months do not determine a forecast, but our hopes are nurtured by the fact that our backlog of unfilled orders, although still far from satisfactory is substantially higher than a year ago. Customer inquiries have been numerous; however, business confidence must improve if orders for the first six months of 1961 are to materialize in satisfactory volume. In the meantime our European operations in Scotland and in Germany are benefiting from the European boom.

I trust that the newly elected government will instill confidence in our economy by making "solid," courageous decisions—recognizing among other things a long overdue emphasis on capital formation and the modernization of America's manufacturing plants. We particularly believe that a change of our government's attitude towards a more liberalized depreciation allowance, long the goal of our industry, would encourage a greater demand for the many new and modernized designs of machine tools now available.

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Small Business Tax Relief Proposed by Sen. Williams

New Jersey member of Senate Small Business Committee will offer a bill allowing limited tax deductions for: self-employed retirement plan; plowback of reinvestment allowance in equipment, inventory and accounts receivable; and used equipment depreciation. He also would require the Treasury Department to either acquiesce in Tax Court or Court of Appeals decisions or appeal those decisions instead of using the "non-acquiesce" technique.

Legislation to provide small business with a reinvestment allowance to finance needed growth will be introduced in the 87th Congress, according to Senator Harrison A. Williams, Jr. (D., N. J.).

H. A. Williams, Jr.

Senator Williams, a member of the Senate Small Business Committee, has discussed legislative prospects for this and other possible tax measures with the Committee Chairman, Senator John Sparkman (D., Ala.). As a result of the discussion, Senator Williams said he will support or cosponsor small business tax relief proposals early this year.

The proposals include:

(1) Legislation to provide that self-employed persons may establish restricted retirement plans for themselves and finance them with tax-free deductions.

(2) Legislation to permit the purchasers of used equipment to utilize the same depreciation rates that were made available in the 1954 Internal Revenue Code to the buyers of new equipment.

(3) Legislation to require the Treasury Department to acquiesce in decisions of the Tax Court or Court of Appeals unless it appeals those decisions. Under present law, the Commissioner of Internal Revenue can make several court attempts in order to get the decision that he wants in tax cases. If he loses a case in one circuit, he may "non-acquiesce" to that case, and taxpayers in the other circuits are thereby put on notice that they will not be permitted to follow the decision of the court.

"Americans are going to hear much about taxes and tax changes in 1961," Senator Williams said. "Both parties have committed themselves to a searching reevaluation of the tax situation in our nation today."

"While over-all tax rates should remain unchanged in 1961, there will be tax changes. Certainly some of the so-called tax loopholes will be examined, and some of them will be closed. Also, some features that discriminate against certain taxpayers, including small businessmen, will be removed from the Internal Revenue Code."

The New Jersey lawmaker said that liberalized depreciation allowances will be considered by the new Congress.

"President-elect Kennedy stated specifically, both before and after his election, that he favored tax revision, including accelerated depreciation allowances, provided only that the revisions should not be disguised for tax avoidance."

The Senate Small Business Committee recommended prompt Congressional consideration of alternative means of liberalizing depreciation, in a report last January, Senator Williams added.

"Many proposals have been made for small business tax relief," Senator Williams said. "One of these, the concept of a 'plowback' deduction or reinvestment allowance, takes a highly practical approach to the problem. Under this approach, small businesses would be permitted deductions from taxable earnings for limited amounts of profits reinvested for business growth.

"The traditional source of capital growth for American small firms has been their profits," Senator Williams continued, "but today's high taxes make it difficult for them to retain sufficient earnings for needed growth. A reinvestment allowance would permit the retention of a greater part of a firm's profits for use in expanding operations of the company."

Senator Williams said that reinvestment legislation will be introduced in January similar to S.59 in the 86th Congress. That bill would have permitted a deduction from taxable income of 20% of earnings, to a maximum deduction of $30,000 for profits reinvested in the earning enterprise, and would have authorized the plowback in equipment, inventory, or accounts receivable.

Aspire Enterprise

BROOKLYN, N. Y.—Aspire Enterprize Corporation is engaging in a securities business from offices at 5003 Fourth Avenue. Officers are Michael Schaja, President; Naomi Fahrer, Vice-President; Regine Schaja, Secretary; and Carolyne Fahrer, Treasurer.

Continental Bond & Share

WASHINGTON, D. C.—Continental Bond & Share Corp. is conducting a securities business from offices at 1012 Fourteenth Street, N. W. Officers are Jerry L. Gale, President; Charles Culver and S. Christian Brenneman, Vice-Presidents; and Max Friefeld, Treasurer.

Harry Bergman Opens

Harry Bergman has opened offices at 318 East 149th St., Bronx, N. Y. to engage in a securities business.

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RALPH LAZARUS

President, Federated Department Stores, Inc.

The department store industry, with an erratic but nevertheless positive performance in the year just ended, can look forward to 1961 with reasonable confidence for continuing growth. We expect the economy to overcome before long the hesitation which has ocharacterized recent months and to resume during 1961 its solid and steady growth.


Ralph Lazarus

Total personal disposable income has held up well during the readjustments of the past year. It is expected to continue at a high level in 1961. This factor combined with the wide range of stabilizers which have been built into our economy should help maintain consumer expenditures and contribute to an upturn.

Against this background we expect department store sales to hold at near-record level in the first half of 1961. We expect non-durables to to better than durables. Before the year is out we anticipate department store sales will resume their upward climbs. We believe total department store sales for 1961 will exceed 1960 figures.

As we survey prospects for Spring, 1961, we think it is pertinent to know that year-to-year comparisons of monthly sales results sometimes can be misleading in the department store field.

For example, department stores enjoyed exceptional sales volume in April of 1960 for two special reasons. Unpredictable weather in February and March led many customers to postpone until April purchases normally made earlier. A late Easter concentrated additional sales in April.

In 1961, we will have an early Easter and we hope that the weather pattern will not be repeated. Thus, a year-to-year decrease in April sales volume will not necessarily signal a deeping business recession, but may only reflect this special set of circumstances.

Contributing to our confidence in Spring of 1961 is the fact that there has been very little inflation in the price of department store merchandise during the period of postwar growth. Therefore, we have relatively less to fear from drastic price deflation.

Instalment credit appears healthy. The consumer effectively policed the use of credit during the uncertain 1960 period. Only a moderate amount of instalment debt has been added during recent months. The consumer is not over extended. This situation in the past has generally meant a resumption of instalment buying as the economy picked up. If the pattern is repeated we can anticipate a further boost to consumer spending.

Department store inventories, aided by the late surge of Christmas business, appeared to be in line.

The basic strength of the economy, coupled with consumer confidence, should provide opportunities for sound growth in 1961. We expect to share fully in these growth opportunities.

JOSEPH B. LANTERMAN

President, American Steel Foundries

At present, the 1961 business outlook remains uncertain. However, indications are that the recession we have been experiencing will stay with us during early 1961. Signs of recovery could appear more frequently in the second calendar quarter, and business should improve in the last half of the year.


Joseph B. Lanterman

Because of the diversified nature of the nation's economy, the current recession has been spotty. The recovery, too, will be spotty. Some industries will experience sales gains several months before others record an upturn.

There are already some signs of pick up. Orders for such ASF products as lathes, drill presses and small precision machine tools improved in October, November and December compared with the depressed order rate in August and September. As many industries are customers for these tools, we are hopeful this is an indication of a trend.

The pipe coating and wrapping segment of ASF's business set sales records in 1960, and 1961 sales are expected to at least equal 1960's results. For roller chains and sprockets, another ASF product line, there was a business dip in the summer months followed by noticeable recovery in early fall. Orders fell off again in November and December, traditionally slow months, but recovery is anticipated in early 1961. Cast iron pressure pipe, a new ASF product line in 1960, has shown steady sales gains.

For ASF railroad equipment products, the upturn may not occur nutil mid-1961, and then total railroad outlays for equipment and facilities may fall below 1960 levels. However, retirements of freight cars have exceeded cars purchased or built for the past several years. This lends optimism because of the need of the railroads to maintain an adequate freight car fleet.

There is no sign of an early recovery in the heavy machine tool portion of our business. This equipment is in demand when industry is rushing to expand capacity. With companies counting their capital expenditure dollars more closely in 1961, orders for heavy machinery may be released slowly.

If recovery occurs as anticipated, predictions are for a 1961 ASF earnings year comparable to 1960.

In its 1960 fiscal year ended September 30, 1960, ASF reported net income of $7,793,363 equal to $2.66 per share up from $7,168,027 or $2.65 per share in 1959. Earnings per share are based on the average number of shares outstanding. Sales in 1960 increased to $120,141,812 from $112,311,287 a year ago. The 1960 earnings were the third largest in the company history, exceeded only in 1956 and 1957.

In addition to gains in net income and sales in 1960, advances were made in research and further product diversification. Net current assets or working capital increased to $40,507,533 from $37,850,056 in 1959. Plant additions of $8,559,000 were 5% larger than in 1959. Dividends of $4,387,815, or $1.50 a share, were paid in fiscal 1960 as compared with $3,231,621 in 1959 equal to $1.20 per share after giving effect to the January, 1960 stock split.

On the basis of present plans, ASF plant additions in 1961 will amount to about $10 million, 20% more than in 1960. Major projects in 1961 will be the completion of a new pipe coating and wrapping plant in Youngstown, Ohio, and a new steel wheel plant in Bensenville, Illinois, near Chicago.

Research advances in the development of the company's patented Controlled Presure Pouring process continued in 1960. Pressure pouring is a process for pouring molten steel into semi-permanent graphite molds at a controlled rate.

United States Steel Corporation continues to explore the application of this process to the manufacture of semi-finished steel mill products. By casting semi-finished steel mill products such as blooms, slabs, billets and tube rounds, costly steel mill equipment including ingot molds, soaking pits and blooming mills could be eliminated.

Other companies have evidenced interest in the process, and additional license agreements are under negotiation.

The long term outlook for ASF is encouraging. Diversification both by acquisition and development will continue to be pursued vigorously. The program of capital additions should add to the company's earning power.

HOWARD F. LEOPOLD

Chairman, Ero Manufacturing Co.

While 1960 did not measure up to expectations by some standards for the auto and auto seat cover industries, it nevertheless was not without some encouraging aspects.

Production of 6½ million units during the year helped swell the number of cars on the road, the principal market for seat covers, to an estimated 70 million autos. Every 2 to 2½ years, on the average, each of these cars is in need of new seat covers, a constantly growing market.


Howard F. Leopold

Through analysis of 1960 auto sales, some interesting trends are revealed which have significance for the seat cover industry.

The rapid percentage growth of compact and economy car sales has brought a new and challenging dimension to the marketing of seat covers. Recognition of the consequences of this changing pattern of auto sales is necessary for an understanding of present state of the industry.

Because of the utilitarian nature of upholstery installed in the lower-priced cars, up to 50% of the buyers will use decorative covers to improve their appearance. However, the full potential of seat cover sales for this type of car will not be realized at the time the car is purchased, unlike higher-priced models in which clear plastic covers ordinarily are fitted at time of purchase to protect the interiors without concealing the luxurious upholstery. Purchase of seat covers for the less expensive models, significantly, cannot be deferred as long as in the case of cars with more durable upholstery. The seat cover industry, because of an unusual compensatory factor not present in many other industries, can look for improved sales in years of both high and low new car sales. New car sales are a boom to seat cover sales because more than 80% of new car purchases involve trade-ins, with the traded car often dressed up with new covers. When new car sales fall off, on the other hand, more older cars are kept on the road and seat cover sales are sustained. Thus the seat cover business has both an inherent stability and long-term pattern of growth which, however, may not be readily apparent without interpretation of year to year trends.

Ero, a leader in the industry, increased its share of the auto seat cover market in 1960, and looks to further increases of an expanded market in 1961. Some companies in the seat cover business are seeking diversification to overcome the year-to-year variation in the growth of seat cover sales.

In our case, we have diversified into a number of fields which are tied to the increase of personal disposable income and leisure-time activities. I am not trying to recommend that others in the industry follow our pattern of diversification but we have found that our particular new product lines have tended to bring a better seasonal balance to our sales, as well as increasing overall volume. Some of our lines include insulated "arctic" underwear for sportsmen and outdoor workers, home exercisers, barbells and, in the boating and aquatic field, Coast Guard-approved life jackets, floating boat cushions and light-weight life belts for water skiers. A new line of water skis—incorporating the first new principle in water skiing in more than a decade—is being introduced this month. Ero's metal furniture and hassock operations have been reorganized into a single marketing division and, at the end of the first year of a two-year expansion program, prospects in this area appear good.

We at Ero have followed a pattern in our diversification that basically can be described as finding products which can be manufactured on present equipment and merchandised through present distribution channels. As an example, virtually all of the previously-mentioned products fit hand and glove into Ero's present manufacturing methods and distribution network. This pattern, it should be understood, supplements our stake in the seat cover field and is particularly timely now that the company's production facilities are being expanded.

More companies in the seat cover field, like Ero, are applying themselves to improvement of profit margins beneficial, of course, in both good and bad years. We have undertaken a major manufacturing realignment, nonrecurring cost of which was absorbed in the second half of 1960, and expect future operations of the company to be strengthened thereby. A second plant in Crystal Lake, Ill., will be opened soon and, like our new plant at McKinney, Tex., which started full-scale operations in mid-1960, utilization of more efficent equipment will help lower production costs.

Because of the success of our twin program of diversification and profit margin improvement, and in light of the proper interpretation of the changing pattern of seat cover sales, Ero looks forward to its continued growth within the seat cover industry and also to success of other companies in the industry, particularly those which are mindful of expansion through diversification and pay close attention to the economics of efficient manufacturing techniques.

DONALD C. LUCE

President, Public Service Electric and Gas Company

New records for demand and output of both electricity and gas were established during 1960. A record electric peak load of 2,797,000 kilowatts, 8% higher than the 1959 peak load, occurred on August 30 and on the same day there was a record day's output of 49,442,800 kilowatthours of electricity, also 8% above the prior year's record. On December 13, a day's send-out of 6,068,953 therms of gas set a new maximum, 9% above that of 1959. The total output of electricity amounted to 13,356,903,600 kilowatthours and 900,937,644 therms of gas were sent out in 1960, 5% and 12%, respectively, greater than in 1959.


Donald C. Luce

The 1960 census showed an increase in population of 24% since 1950 in the area served by Public Service. During this same 10-year period the Company's sales of electricity more than doubled and 1960 gas sales were three times 1950 sales. Ten years ago only 49,000 homes and buildings were heated by gas as compared with more than 300,000 served by Public Service at present. Additions and improvements to plant and equipment since 1950 have totalled more than $1,070,000,000 and plans for 1961 call for the expenditure of an additional $150,000,000 for facilities to keep pace with continually increasing demands for electric and gas service.

Three major additions to the company's rapidly growing generating capacity are in progress. At the new Mercer generating station, located on the Delaware River near Trenton, the first of two 320,000-kilowatt turbine generators was placed in service last month, and the second unit, of similar size, is expected to be placed in service this spring. At the Sewaren generating station, near Perth Amboy, an additional turbine generator unit, with a capacity of 342,000 kilowatts, is being installed. This additional unit, scheduled for service in 1962, will raise Sewaren Station's capacity to 817,000 kilowatts, largest in the company's system.

On property adjacent to the existing Marion generating station in Jersey City, preparation of the site has begun for construction of the Hudson generating station, a new plant in the system. Initially, Hudson will have one 342,000-kilowatt generator, planned for operation in 1964.

When these new major installations have been completed and placed in service and some low-pressure generating units at the Marion Station retired, the total installed capacity of the Public Service steam generating stations will be 4,396,500 kilowatts, 53% more than the capacity at the beginning of 1960.

Underway or planned are construction and reinforcement of major high-tension transmission lines and switching facilities, at a cost of nearly $50,000,000.

During 1961, the company's expansion plans provide for the installation of 2,000 miles of overhead and underground wire, 7,000 additional distribution transformers, 6,100 new street lights, 11,000 poles, and 22,000 electric meters. In addition, 52,000 electric meters will be replaced with meters of larger capacity to provide for customers' increasing demands.

The appliances of approximately 120,000 gas customers, principally in the Paterson area, will be converted from mixed gas operation to the use of straight natural gas during 1961 as natural gas is introduced in new areas. This will bring the number of customers served with straight natural gas by the end of 1961 to

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Dr. Nadler Sees Payments Crisis Overshadowing Domestic Problems

The Hanover Bank's economist's report on "The Election and the Economy" outlines chief economic headaches awaiting new Administration's treatment. Dr. Nadler doubts that radical cures will be proposed and feels that however grave our domestic problems are they will be overshadowed by those stemming from the international situation.

Anxiety over measures the new Administration might take and the impact they might have on the economy are on the whole unwarranted, Dr. Marcus Nadler, consulting economist to The Hanover Bank, concluded recently.

Marcus Nadler

In a report on "The Election and the Economy," published by Hanover, Dr. Nadler says:

"The election was exceedingly narrow, hence cannot be interpreted as a mandate to the new Administration to make structural changes in the economy. The nation is not confronted by any emergency. The economy is essentially sound, no sector has been abused, and the basic social legislation has already been passed and accepted by both existing parties. Changes in the existing laws are possible, but they are not likely to be radical in character."

Dr. Nadler outlines several principal economic problems which will require the immediate attention of the new Administration.

Problems Facing the New Administration

"The balance of payments problem is already under careful study by the present Administration," he points out. "The proposed and adopted measures are sound and should not be changed by the incoming Administration. The balance of payments problem is not the result of some basic structural weakness of the country. It is caused rather by the fact that as a nation we are supplying to the world more dollars than the recipients need or are willing to use for purchases of our products and services."

Four domestic problems were among those outlined by Dr. Nadler: the lagging economy, unemployment, the farm problem and the controversy over interest rates and Federal Reserve policy.

"Under the Employment Act of 1946 every Administration is under the obligation to adopt measures aimed at preventing a sharp decline in business activity and a serious increase in unemployment," Dr. Nadler says. "It is quite possible that Federal expenditures on defense, housing in the large cities, and urban redevelopment will increase. Assistance will be given to distressed areas and larger outlays will be made for education.

"While the credit policy of the Reserve authorities was criticized by the President-elect, it is doubtful whether any basic changes in this field will be made or that the independence of the Reserve system will be undermined."

Dr. Nadler feels that however grave may be the domestic economic problems facing the nation, they are overshadowed by those arising out of the international situation.

"It must always be borne in mind that the prestige and influence of the U. S. abroad depend not only on the principles it stands for and advocates but also on its economic and military strength," Dr. Nadler concludes. "It is the duty of every responsible freely elected government to take appropriate measures aimed at maintaining a sustainable growth of the economy and to prevent serious recessions and large-scale unemployment. It would be, however, a misfortune for the nation and the free world if the new Administration were to take measures which would undermine the confidence in the dollar and thus impair the economic prestige and position of the U. S. in the world."

Form Huntley, Barrow

Huntley, Barrow Investors, Inc. has been formed with offices at 152 West 42nd Street, New York City, to engage in a securities business. Officers are Monroe Berrol, President, and Mark S. Cash, Secretary-Treasurer. Both were formerly with Columbian Financial Development Co., Inc.

Now Corporation

LODI, Calif. — Beckman & Co, Inc., a corporation, has been formed to continue the investment business of Beckman & Co., 11 South Church Street. Officers are Millard W. Beckman, President; Marlow E. Stark and Eugene W. Kaul, Vice-President; Sheri B. Mallory, Secretary; and George I. Buck, Jr., Treasurer.

Forms American Funds

PHILADELPHIA, Pa. — Matthew E. Monczewski is engaging in a securities business from offices at 1611 East Cheltenham Ave. under the firm name of American Funds.

Forms Consol. Planning

Moise Katz is engaging in a securities business from offices at 299 Madison Avenue, New York City, under the firm name of Consolidated Planning Co.

Metro Securities

MIAMI, Fla. — Metro Securities, Inc. has been formed with offices at 2220 Coral Way to engage in a securities business. Officers are Bernard Rodins, President; S. P. Kah, Vice-President; and A. M. Wolf, Secretary-Treasurer.

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about 680,000, or approximately 60% of all the customers in the company's gas territory.

To assure adequate gas service to these customers during times of peak demand, the company plans to convert some of its production facilities to make a high BTU oil gas to augment the supply of natural gas. Also, it plans to construct an additional natural gas metering station and several gas regulating stations to serve the customers in the newly converted areas.

Gas building heating installations increased by about 29,000 during 1960 and approximately the same number is expected to be added in 1961. To provide gas service for the new heating installations and for the increasing needs of present customers, the company will install approximately 24,600 services and 27,700 meters and 300 miles of mains. The latter will include 8 miles of high-pressure steel main to supply additional natural gas for the city of Paterson and reinforce the supply of natural gas to the rapidly developing areas nearby.

The company's area development representatives are actively assisting firms seeking new locations. During 14,000 people, located in the area served by Public Service.

We are confident that our business will continue to expand in 1961 because of the unique location of the area served by Public Service Electric and Gas Co., stretching between the two great metropolitan centers of New York and Philadelphia, with its air, rail, highway and deep-water port facilities, exceptional diversification of industry, concentration of research facilities, and fine residential areas.

L. WALTER LUNDELL

President, C. I. T. Financial Corporation

Ample credit will be available in 1961 to support any anticipated upturn in consumer buying or industrial expansion.

Present evidence suggests that the economy is likely to start moving upward in a matter of months. Improvements in the general business climate can be expected to restore consumer confidence and revitalize retail buying. Increased expenditures by businessmen to rebuild inventory positions and improve or enlarge productive capacity then would follow.

L. Walter Lundell

It is generally agreed that the current recession has been milder than its 1949, 1954 and 1958 predecessors; while some lines have been cut back sharply, many other major economic indicators show only very limited declines, as compared with the last three cyclical recessions. When the upturn comes—as it should before the end of 1961—consumers will have access to abundant credit for financing their purchases. This supply of credit—coupled with a high level of personal savings and disposable income—will place consumers in a good position to buy for cash or on 'time' when visible signs of recovery restore their confidence in the general business outlook.

The trend toward the greater use of medium-term credit by manufactures, the construction industry, merchandisers and many other industries to modernize or expand their machinery or equipment is certain to accelerate in the coming year. We expect that industrial financing activity will reach a record figure in 1961.

JAMES J. LING

President, Ling-Temco Electronics Inc.

We enter 1961 with enthusiasm borne of confidence in the position of Ling-Temco Electronics, Inc. in the electronics industry, particularly in the field of communications, including radio, radar and sonar; and with special emphasis on electro-mechanical products for the commercial-industrial market. Outstanding growth for the electronics industry over the next decade has been widely forecast as some 200% above the increase in Gross National Product, and I feel the percentage growth of Ling-Temco will be even greater.

James J. Ling

Quite some time ago, we foresaw a shift in military spending during the 1960's that would place new emphasis on defensive measures, to supplement a previous all-out effort for an offensive arsenal. Therefore, the greater part of our research and development has been directed to the communications aspects of defensive military systems, including the Nike-Zeus antimissile missile and Antisubmarine Warfare (ASW) programs.

The Nike-Zeus program has assumed steadily increasing importance in recent months, as it is the only system of its type in substantial phase of development. In this program, we are developing the most powerful radar transmitter in the Free World.

ASW is another defensive area that is being stressed by the military, and will continue to receive top priority for the foreseeable future. Our high power communications capability has been directed to ASW applications in a number of highly classified projects. It is hoped that high power sonar, capable of detecting enemy submarines at tremendous distances, will be developed.

Various projects of the National Aeronautics and Space Administration (NASA) offer challenges in the area of communications, with the need quite apparent for continued increases in high power electronic equipment.

In view of developments that have proven correct our prediction of added emphasis on defensive programs, we will continue to pursue our aggressive R&D in the areas I have mentioned. Ling-Temco also is continuing its program to expand and strengthen its position in the commercial-industrial area, through development of new electro-mechanical products, with very notable gains assured for 1961.

Therefore, in summarizing, I am confident the results of our R&D outlays and stepped up commercial-industrial activity will result in an increase in sales of between 30 and 35% for 1961. Because of the many economies realized through the merger last year of Ling-Altec Electronics and Temco Aircraft into Ling-Temco, an even greater percentage increase in earnings is anticipated.

ROBERT I. LIVINGSTON

President, Walter E. Heller & Co.

The history of the commercial financing and factoring business, particularly since the end of World War II, has been one of continuing growth, regardless of the upturns and downturns of overall business activity. I see no reason to anticipate any departure from the growth pattern during 1961.

Robert I. Livingston

It has frequently been pointed out by Walter E. Heller and other leaders of our industry that in periods of economic expansion there is an automatic demand on us arising from the expanding needs of our own clients, who have larger volumes of receivables and inventories to carry, and therefore need our help proportionately. On the other hand, in periods of recession our opportunities to establish relationships with new clients are increased, by reason of the fact that banks and other conventional lenders tend to reduce their commitments or withdraw support from customers who experience difficulty in maintaining acceptable ratios. If the present moderate downturn in economic conditions should deepen, we can expect some degree of difficulty in effecting collections, but in previous periods of recession, commercial financing and factoring firms have been able to hold their loss experience within their normal provisions.

Even in periods of relative stability in overall business activity, the problems of an individual small or medium sized business operation do not necessarily conform to the general pattern. A concern which is in a position to expand beyond normal ratios to its capital funds may be a prospect for our services, as may a concern which can no longer demand adequate support from more conservative lenders. Those who have become our clients, regardless of the reason, and have learned to appreciate the flexible and constructive nature of factoring and commercial financing services, make continuing and frequently increasing use of such services.

Even in periods of tight money, we and the other leading companies in our field which have access to the markets for capital funds and long and short term borrowed funds, have for the most part been able to acquire the resources necessary to accommodate the growing demand. While it is not possible to predict the precise configurations of the coming year, we anticipate some further increase in volume, employed funds, and earnings.

F. HAROLD LOWEREE

Chairman of the Board,
Monumental Life Insurance Company

The outlook for 1961 for life insurance, in my opinion, is good. There are a number of important factors which must be favorable if 1961 is to be a good year. It is possible, of course, that these factors might swing either way. However, I have come to the conclusion that a sufficient number of them will be favorable so that the conditions under which we will operate in 1961 should be such that the year's results will be reasonably satisfactory.

F. Harold Loweree

It would be in order to define the word "good" as I use it. "Good" to me means that we will have a satisfactory background and atmosphere in which to work, but not that the road will be easy. Our best efforts will be required to obtain satisfactory results. A good background or environment for life insurance simply means that there are enough people working who have confidence in the economic outlook and sufficient income out of which they can increase their holdings of life insurance, or hospital and medical care insurance.

There is no question about the great amount of additional life insurance which is needed by the average family in this country. At the end of 1959, disposable personal income per family was $5,900 and life insurance owned per family was only $9,500, less than two years of disposable income. At the present time about 35% of the population of the United States does not hold any life insurance protection whatever in the legal reserve life companies.

In the last decade, disposable personal income per family has shown an increase from $3,800 at the end of 1949 to $5,900 at the end of 1959. During this same decade, the ratio of premiums paid to disposable personal income has risen from 3.5% at the end of 1949 to 3.9% at the end of 1959. I believe that these two well defined trends will continue throughout 1961.

Employment probably will decline slightly in the first few months of 1961, but then should begin to rise. This could be started by a rising trend in steel production which, of course, would be reflected pretty much throughout the entire economy. In addition to a probable rise in steel production, there are various programs which the new Administration in Washington will attempt, as promptly as possible, in order to stimulate the economy. Among these are increased expenditures for defense, stepping up the program for the development of rivers for public power and irrigation, Federal assistance to help wipe out slums and blighted areas, and the Federal program to build and furnish more public housing for low and middle income families.

A most important factor in the business of life insurance is the interest rate at which new money can be invested, since ultimately the yield on investments is reflected in premium rates. In this respect, I think that 1960 will turn out to be one of the most favorable years we have had since the late 20's. In spite of the present trend toward easier money and the new Administration's announced intent to bring interest rates down, I believe that for the whole year, 1961 will be only slightly less favorable than 1960. This is predicated on the total activity of the construction industry being about the same as this year. Business spending for new plant and equipment, and residential building, will probably be slightly less than this year, but I believe that this will be more than offset by a substantial increase in heavy engineering construction.

My over-all conclusion is that those companies whose policies contain broad and flexible coverage, and fair values, will find 1961 to be a good year.

ROBERT S. MACFARLANE

President, Northern Pacific Railway

While the Northern Pacific Railway does not expect business in the first half of 1961 to measure up to the first half of 1960, it does look forward to a more favorable showing in the late months of the year.

This is because first half performance will be compared with a relatively heavy volume of traffic in the early part of 1960 which we probably won't attain early in 1961. The 1960 downturn began in May, so last half results not only will be compared with a period of slackened activity in 1960, but traffic should receive an added stimulus if we are to experience the pickup in general business activity most economists are predicting for late 1961.

Robert S. Macfarlane

In the meantime, Northern Pacific is planning substantial expenditures in 1961 for new freight equipment and roadway improvements. As one of the nation's most important carriers of forest products, Northern Pacific was adversely affected by the decline in residential building in 1960, since housing starts have a direct influence on the volume of lumber movements. The decline was due in part to higher rates of interest which have eased during the past several months. Dealer inventories are low and will need to be replenished. These two factors point toward improved demand, though possibly not before spring.

Predictions for new housing starts during the coming year range from an increase of 1% to 4%. In short, it is not unreasonable to look for some improvement in lumber movements, but not a return to the high levels of recent postwar years.

Agriculture, the most important single industry in Northern Pacific territory, ended the year in an improved position. In general, agricultural production was up over a year ago. Prices for grain have been strengthening and livestock prices also improved somewhat late in the year. Higher farm income, translated into increased purchasing power, should stimulate movement into Northern Pacific territory of farm machinery, fertilizer, prepared livestock feeds, petroleum products and many other commodities.

There is now some apprehension over the shortage of top and subsoil moisture throughout large areas of the Northwest, resulting from a lack of normal autumn precipitation. Unless there is adequate rainfall during the coming growing season, the 1961 crop will be affected accordingly.

Northern Pacific's piggyback traffic, following a national trend, showed more than a 40% increase in tonnage over the preceding year. Transcontinental movement of highway trailer loads of new automobiles on flat cars accounted for a good share of this increase. Continued growth of trailer-on-flat-car traffic is expected during the coming year.

The steady growth of Northern Pacific's income from oil and timber was interrupted in 1960 because of conditions prevailing in the oil and forest products industries. Income from non-rail sources, however, is expected to continue to make a major contribution to total net income.

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Do Our Tariff Policies Really Help United States?

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able protectionist policies. Imports from the United States or anywhere else are never permitted to cause any serious injury. Aside from rejecting the principle involved, it seems to me that such a policy would bring further intervention of the Federal Government into local affairs. There are many other technical aspects of this concept which are too detailed to discuss here. I might observe that many communities in the United States which have suffered from economic dislocations have spent many years and great sums of money in endeavors to rehabilitate their local economies. Some of these communities have had chronic unemployment for many years; new industries to replace old established ones are difficult to locate and expensive to acquire.

There is one other aspect of this proposal which deserves particular mention. In some cases where imports have been of serious consequence to domestic industry our government has asked the government of the industry of origin to "voluntarily" restrain exports to the United States. In suggesting this, our government has no doubt indicated that unless some action of this sort is taken, the exporting country might well be faced with legislative action here against its exports. Should our government decide to administer to injury to domestic industry and employment by governmental aid, all inhibitions of foreign exporters would be removed. We could expect our markets to be flooded and saturated if the foreign exporters felt that no punitive actions against them would be forthcoming.

Compares Promise With Deed

The successive renewals of the Trade Agreements Act since its original enactment have been the subject of much debate in the Congress. The present Administration made many promises and concessions to opponents in the Congress and in the business community to secure the extension of the Act in 1958 to June 30, 1962. The President promised that no domestic industry would be injured by further reductions of tariffs under this Act.

What has been the record under the current and previous Administrations? The "escape clause" provision of the Act has afforded very little, and in many cases no relief, to domestic industry from destructive imports. Where the Tariff Commission has found injury and recommended restoration of tariffs reduced by trade agreements, the President has either denied the relief entirely or provided less relief than the Commission recommended.

Recently, the decisions of the Tariff Commission on applications for relief indicate that an interpretation of the injury provisions of the Trade Agreements Act now being applied makes it practically impossible to establish injury.

I believe that any fair-minded person reviewing the legislative history of and the intent of Congress expressed in the many Congressional hearings and debate, and comparing this background with recent decisions of the Tariff Commission, and actions of the President thereon, would conclude that the injury provisions of the Trade Agreements Act as now adjudicated, are meaningless. Technical and narrow constructions are placed upon provisions of the Act—judgments appear to be made upon the least important and non-relevant facts in each case.

In two recent decisions, the facts as presented to and reported by the Commission indicated that substantial portions, and in one case over 50%, of the domestic market has been absorbed by imported commodities. The Commission, for various reasons, determined that in one case this degree of penetration and dislocation of domestic markets by imports does not constitute injury to domestic producers.

Is the substantial loss of domestic markets to low cost imports compatible with the intent of Congress? Is the interpretation of the law consistent with the President's pledges to secure extension of the law, that no domestic industry would be injured by tariff reductions? The answer is "no" to both questions.

Contrast Made With Other Countries

In contrast to our own government's negative attitude toward fair and equitable treatment to domestic industry suffering from import competition, practically all of the principal world trading countries have pursued adequate protection policies for their own industrial economies. Since World War II most nations have maintained quotas or outright prohibitions against dollar imports. Only recently have some of these restrictions been removed. Even so, other protective measures have been maintained.

I will cite two recent events to illustrate the current policies of other countries. Recently, Western Germany steeply increased import duties on products largely originating in Asian areas — textiles, ceramics, etc. The German Government indicated these increases were for greater protection to German industry against imports from low-cost low-wage areas. Also West Germany reduced import quotas for coal—the chief effect of this action falling upon imports from the United States.

Recently the Australian Government proposed to adopt, and may have adopted, a policy of prompt imposition of higher import duties, on a temporary basis, whenever large imports threaten a local industry. The purpose here is to restrain excessive imports until the situation can be examined and longer term action taken.

These instances are only two recent actions by nations with which the United States conducts considerable trade. The trade policies of these and other countries obviously are quite different from ours.

In connection with the administration of our foreign trade policy, we now employ procedures, which so far as I can ascertain, are completely dissimilar to the practices of foreign governments. Public hearings are held on escape clause

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H. E. MacDONALD

President, Household Finance Corporation

The past year has been a good one for Household. The volume of loans on the books has been at the highest level in its history. At the end of the year loans were close to $700 million, as compared with $623 million at the beginning of the year.

H. E. MacDonald

As a result of the higher level of of loans receivable, gross income was also at the highest level on record. Operating expenses increased relatively little. Interest expenses, however, were materially higher as a result of the use of a larger amount of borrowed funds and the higher average level of interest rates during 1960. In 1959, net income amounted to $19,233,118, before a non-recurring tax benefit of $3,010,000. For 1960, net income is expected to be about $23,000,000.

The year ended with over 1,650,000 accounts on our books, averaging unpaid balances of a little over $400 each. During the year, almost 1,950,000 loans were made, totaling about $930 million.

Today 1,138 HFC offices serve families in 796 cities in 45 states and in all 10 provinces of Canada. During 1960, 120 new offices were opened—including new branches in 84 cities not previously served. Alabama, Alaska, North Carolina, and North Dakota were added to the list of states served.

The citizens of North Dakota—at a special referendum in June—approved by a vote of more than 2 to 1 the small loan law previously enacted by the state legislature. At the general election in November, the citizens of Texas approved a constitutional amendment by a vote of approximately 3 to 1, which will permit the enactment of an effective small loan law for their protection.

Last spring, HFC organized a wholly-owned subsidiary, Education Funds, Inc., with headquarters in Providence, Rhode Island, to provide low-cost direct-by-mail loans for educational purposes. In the short period of its existence, EFI has made loans to parents of students attending more than 375 colleges located throughout the country.

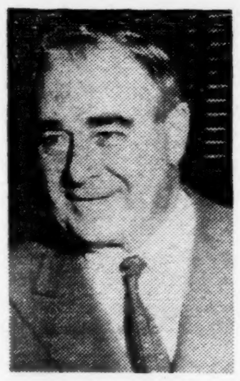
The degree of growth in demand for our services in 1961 will be determined largely by the course of general business activity. In recent months pockets of unemployment have developed incident to the adjustment of a free market economy to changing business conditions. This has required greater attention to collections. Our managers treat every such case on its merits, with due consideration for the welfare of the individual family.

Unemployment may increase somewhat before general business conditions improve; however, within three to six months a resumption of the upward movement in business, typical of the post-war period, is anticipated.

FREDERICK MACHLIN

President, The Armstrong Rubber Company

We find ourselves in agreement with those economists who predict that the current "adjustment" will bottom out in the first quarter of 1961, with a steady improvement in business activity thereafter.



Frederick Machlin

Further inventory cutting and a reduction in capital expenditures are the factors which will continue the downward trend of business activity through the early months of 1961. However, it is logical to assume that inventory rebuilding will shortly have to get underway.

A rapid acceleration of business in the last half of 1961 may result in a net higher level of business activity than that registered for the year 1960.

In the tire industry, we expect demand to continue strong in 1961. 1960 was the sixth consecutive year in which automotive replacement tire unit sales exceeded the previous year's record high. Sales in the replacement market were approximately 78 million units in 1960 and have shown an average gain of four million units per year for the last six years. Tire sales to original equipment manufacturers also showed an increase over 1959, and 1960 was the best original equipment sales year in the last five.

Despite the severest competitive conditions in a decade, The Armstrong Rubber Company in 1960 enjoyed its second best year in sales and earnings, a performance that compared most favorably with the industry's overall performance.

We are confident that the market for tire products will continue to grow in 1961 and in future years. The increasing number of car and truck registrations and the greater daily use of vehicles will create a progressively expanding demand for tires.

The company's confidence in our industry is best expressed in the moves we are making to meet the expanding opportunity.

At our headquarters in West Haven, Connecticut, we have recently completed a 600,000 square foot warehouse, one of the largest in the tire industry. A $4,500,000 expansion program nearing completion at our Natchez plant will increase our production capacity there by one-third. Construction is scheduled to begin in February 1961 for a $20,000,000 one million square foot tire producing plant in Hanford, California, which will serve the large and fast growing West Coast market.

We believe these actions, combined with the high efficiency of our plants, vigorous product research, distribution development programs, and aggressive merchandising plans will produce a strengthened market position for Armstrong in 1961 and future years.

EARLE J. MACHOLD

President, Niagara Mohawk Power Corporation

Niagara Mohawk has budgeted ninety million dollars for construction and expansion of facilities during 1961. We will go forward with a state-wide program to improve and extend service, and prepare for the growth that is certain to occur.

A major part of this expansion program consists of enlargement of our electric transmission system through the construction of lines up to 345,000 volts capacity, three times the voltage of most of our existing circuits. This will create new "highways of power", greatly increasing our capacity to exchange power within the Niagara Mohawk System itself, and establishing new and larger links with utility systems in the New York metropolitan area, New England, and Pennsylvania. This program includes construction of over 200 miles of 345,000-volt line from Utica to Poughkeepsie and the completion of large electric switching stations now under construction near Syracuse, Utica and Albany. The new lines will make possible the exchange of four times as much power as can now be interchanged between the upstate and metropolitan New York systems.

Earle J. Machold

The enlarged connections between Niagara Mohawk and various other utility systems will serve a dual purpose. They will provide access to markets for large amounts of power during the period when the Niagara and St. Lawrence developments are creating a surplus of power in Upstate, N. Y. They will assure additional sources of power whenever it becomes necessary or economical to obtain power from areas outside the Niagara Mohawk system.

Another significant step that Niagara Mohawk will take in 1961 is to make power from the new Niagara River Project available to our customers throughout the project marketing area in Western New York. Preparations for this have been underway for the past two years and have included extensive new transmission and substations facilities in Western New York. When the first power becomes available in February, Niagara Mohawk will be ready to transmit it, and to take increasing amounts throughout the year. Under the terms of a proposed contract with the Power Authority of the State of New York, the Niagara Mohawk System will ultimately purchase up to 1,190,000 kilowatts as it becomes available.

Niagara Mohawk is constantly adopting new methods to achieve greater efficiency and economy. In 1961 we will launch one for which we have been preparing intensively for the past year. This is the operation of an electronic data processing system. The first use of this system will be to handle all the calculating and processing of a million customer bills per month. Later, it will be used in planning, engineering, operating and other aspects of the company's business. This modern equipment, which performs intricate calculations at incredible speed, will enable us to take on more work load to meet the growing needs of our customers while holding costs of operation in line. In 1961 we will also complete another step toward greater efficiency through operation of a centralized electric and gas meter shop equipped to test and service nearly 200,000 meters per year.

In the coming year, Niagara Mohawk and other investor-owned utilities in New York State will move toward another goal. This is the generation of atomic power on a large scale and at costs economically competitive with existing fuels. Niagara Mohawk is one of seven utilities that have jointly formed a non-profit company—Empire State Atomic Development Associates, Inc.—which is initiating a $20,000,000 program of nuclear research and development. Research programs sponsored by the New York State utilities in the past year indicate that advanced concepts of two types of reactors hold marked promise of success in achieving competitive nuclear power. The great amount of research and development required to test each of these methods will be undertaken by ESADA. Through this program, the investor-owned utilities of New York State will keep in the forefront of nuclear development, and contribute to the over all advancement of the peaceful use of atomic energy for many purposes.

In the coming year, Niagara Mohawk will intensify its efforts to attract new industry and business throughout the areas we serve. Much of our efforts will consist of support to local chambers of commerce, development organizations and regional groups, with whom we will cooperate to the utmost. Niagara Mohawk will also continue its national advertising program, designed to spell out the advantages of upstate New York to business leaders across the country. The company's Area Development Department provides a source of complete and accurate information for any industry that seeks data about possible sites for a new plant.

Niagara Mohawk is ready, and hopeful that one of its major undertakings in 1961 will be construction of a natural gas supply system to Northern New York. This would mean extension of the company's natural gas system from Watertown north to serve Ogdensburg, Massena, Malone, Potsdam and adjacent areas. This project will depend upon decisions pending by the Federal Power Commission and State Public Service Commission. If its program gets Commission approval, Niagara Mohawk will be ready to start digging the moment weather permits. Field surveys, engineering and financing details have been completed and we have been assured of prompt delivery of pipe and all other supplies required to put the project in motion.

ERNEST S. MARSH

President, The Atchison, Topeka and Santa Fe Railway System, Chicago, Illinois

A significant pick up in general business conditions with a corresponding increase in freight carloadings and total revenues for 1961 is anticipated. Generally favorable moisture conditions cause the agricultural outlook to be good at this time. The economy of the West continues in full vigor and measurements of industrial activity are expected to start a new upward trend by the second quarter of the new year.

Ernest S. Marsh

The year 1960 has been helped by a banner agricultural production in states served by the Santa Fe; in fact, a new all-time record is established in the number of carloads of grain handled, due to bumper crops of winter wheat and sorghum grains. Despite this peak in farm production, revenues and earnings declined appreciably, having failed to measure up to early estimates because of the temporary recession in industrial production which became apparent to us last spring with the start of declining tonnage in the movement of durable items and raw materials associated with the building and construction fields.

In the interest of meeting demands of a continuing growth of population and industry by providing improved facilities to perform an efficient and economical service, the Santa Fe went forward with its $100 million program for capital improvements in 1960, the outstanding improvement being the 44-mile change of line in the transcontinental route between Williams and Crookton, Ariz., opened to traffic on Dec. 19. The new line incorporates the most modern types of railway construction for flexible, high speed operation, and produces significant economies along with more dependable and efficient service.

Other improvements in the 1960 program included a new freight yard at Brownwood, Texas; expansion of icing facilities at Belen, N. M., to expedite eastward perishable traffic; a new combined rail-truck freight house and office building at Argentine, Kan., which will be put in service shortly after the first of the year; and new equipment made up of 85 diesel freight units, 1,975 new freight cars, and 50 new baggage cars. Among these were 200 piggyback cars equipped with two and three deck superstructures for handling motor vehicles. The Santa Fe continues to equip its new freight cars with roller bearings and many with special devices to minimize damage to lading—approximately 1,700 new cars are now available with "Shock Control" underframes.

While not equaling the record program of 1960, plans for 1961 capital improvements are in the area of $65 million and include the second line change project in Arizona involving 37 miles of new main line that will provide greatly increased efficiency in train operation to and from the Phoenix area. Also included will be renewal of 234 miles of main track with new continuously welded rail and 1,750 new freight cars of various types. Additional freight and baggage cars will be considered during the year.

The continuing inflationary spiral is altogether too steep for the future best interests of industry and employes. It is the one most serious factor confronting business, government, and employee representatives. Much higher wage costs and tax loads with only partial relief from modest increases in rates are producing a continuation of the squeeze on the earnings margin and making it increasingly difficult to find ample funds for all desirable expenditures on capital improvements that would contribute generally to greater efficiency and employment.

The capital expenditure programs that I have mentioned are all physical improvements that can be made according to the best judgment of railroad management to the extent that funds are available. They represent a modernization of the physical plant that is vital to the conduct of modern transportation; however, there is another less tangible area where there is an even greater need for modernization — the antiquated government transportation policies which are predicated upon assumptions of the distant past. There are a number of alarming inequities that exist in this outmoded type of regulation, and suitable legislation is needed to remedy them. It is essential that there be a repeal or extension to the railroads of the agricultural commodities exemption, which now permits motor carriers but not railroads to haul agricultural products without economic regulation. There must be a removal of the artificial obstacles which prevent railroads from diversifying and engaging in other types of business. Some

provision for adequate charges must be made for the use of publicly-provided facilities so that the users bear the full economic cost of providing competitive transportation service. Likewise, there is great need in railroad industry for rectifying the present taxation burden and the treatment of depreciation deductions in respect to railroad plant and equipment, so that funds will be available for the continued modernization of the property that is essential to controlling costs and maintaining up-to-date service. Given fair treatment in such matters, I am confident that the nation's railroads will meet the challenge of the '60's and contribute importantly to the long-range prosperity of the nation.

HON. WARREN G. MAGNUSON

U. S. Senator From Washington
Chairman of the Committee on Interstate and Foreign Commerce

Keeping ahead of a world which you are helping to keep up with you is the principal problem facing the United States as 1961 dawned.

In the process, our nation is continually creating new production and consumption records and new highs in the utilization and expansion of utilities and services.

Hon. W. G. Magnuson

Were it not for such things as the gold-dollar crisis in foreign markets with the United States at a distinct disadvantage, these new records achieved at home would be more meaningful.

I refer to the 17% increase in traffic volume aboard our domestic airlines during 1959 when only 80 pure jets were in operation. At the end of 1960, 213 pure jets were flying regularly and this will jump to 305 by the end of 1961.

I refer to the two and a half times our natural gas consumption has skyrocketed since 1947 with service now extended to 48 of our 50 states. This is accompanied by a rise in revenue from customer sales from $406,000,000 in 1938 to $4,000,700,000 in 1959. And the peak still is not in sight.

Or, our electrical utilities which have seen a two and a quarter times increase between 1950 and 1960 in the use of electrical energy. By 1980, experts tell us, installed capacity should reach 437 million kilowatts and energy production 2.1 trillion kilowatt hours. So the outlook is onward and upward in this utility field, too.

For the sheer impact an industry has upon our national economy, let me cite our airlines. The Air Transport Association estimates the dollar turnover, money taken in and paid out, in the neighborhood of $5 billion annually. This encompasses the 100,000 different goods and services, from wingtip lights to teletype circuits, to advertising, all needed to keep the airlines flying. In wages alone employees of domestic trunk lines received $764 million in 1959.

Comparable statistics in our natural gas, electric, radio and television, railroad, steamship lines, all of whose legislation comes before the Senate Interstate and Foreign Commerce Committee, which I head, are likewise convincing.

Great progress also has been made toward modernizing the nation's rapidly obsolescing war-built commercial fleet, while the launching of the U. S. Savannah has given the United States the world's first nuclear powered vessel. Less gratifying, however, is the depressed condition of the U. S. Merchant Marine, largely due to the over-tonnaged world fleet, and the highly competitive world shipping market thereby brought about.

United States shipyards delivered 26 large, fast vessels, totalling 414,000 gross tons, in the 11-month period from Jan. 1 to Dec. 1, 1960. This renders even more striking the "new look" of our merchant fleet, and helps banish the specter of any future block obsolescence such as plagued the nation's shipping fleet after both world wars.

In addition, during this same period, contracts were signed by the United States subsidized lines for 23 modern passenger-cargo and dry-cargo vessels, and bids were received for 16 others, ranging in size from 9,000 to 12,700 gross tons. These 39 new vessels represent an added 440,000 gross tons. The new orders already placed raised the number of vessels under construction or on order in American yards on Nov. 1 to 62, a total, which, however, falls far short of the number required to maintain the country's ship construction facilities on a plane adequate for possible emergency needs.

I cite this because of the importance of shipping receipts toward maintaining and improving the nation's trade balance, evidence by the fact that dollars earned and saved as a result of U. S. shipping operations in 1959 approximated one billion dollars. A special study in this field, just made public, indicated that greater use of U. S. flag shipping by U. S. industry would materially help correct the deficit trade balances current these past few years.

With growth such as that already had, and more in prospect, it is little wonder that our citizens made nearly 100 billion telephone calls locally and nearly five billion toll calls during 1960.

WALTER P. MARSHALL

President, The Western Union Telegraph Company

The greatest expansion program in its history is being pushed rapidly ahead by Western Union. Net capital expenditures of $105 million for plant and equipment will be made in 1961, on top of $45 million for 1960. A major step was taken in 1960 to meet the growing communications needs of the nation in data transmission and other new tele-communications fields when Western Union began construction of a $56 million trans-continental microwave beam system. Its completion late in 1961 will mark most appropriately the centennial of Western Union's construction of the nation's first transcontinental telegraph line in 1861.

Walter P. Marshall

The microwave beam will add more than 50 million channel miles, with a capacity in each direction of 2,400,000 words a minute, to Western Union's existing network. Its broadband facilities will provide for high-speed transmission of data Telex, alternate-record voice, facsimile, telegraph message and other communication services. Telex, the directly-dialed customer-to-customer teleprinter service, will be further expanded in 1961 to 46 cities. The service will be provided to 127 major U. S. cities in 1962. The Telex systems now in New York, Chicago and San Francisco are being expanded. The service already is connected with 37 cities in Canada and with Mexico.

Western Union is building for the U. S. Air Force the world's largest, fastest and most sophisticated logistic data and message communications system, with a daily capacity of seven million punched cards or an equivalent 100 million words daily. Initally COMLOGNET (Combat Logistic Network) will have five major computer centers costing about $50 million, and will interconnect 450 bases, air stations, depots, contractors and other authorized installations.

"Wirefax," Western Union's public facsimile service, which was established late in 1959 between the cities of Chicago, Los Angeles, New York, San Francisco and Washington, D. C., was expanded in 1960 to further test public demand for this type of service. It provides the general public with facilities for transmitting hand-written, typed or printed copy, advertising layouts or sketches, charts, forms and legal or financial documents in facsimile form for immediate delivery.

In 1960 Western Union began installing a nationwide bomb alarm system which will alert the nation's military and civilian leaders within one second of a nuclear blast should it occur at or near any of a number of important target areas in the country.

The leasing of private wire and data processing systems to industry and government was again the fastest growing segment of Western Union's business in 1960. It now produces revenues at an annual rate of almost $60 million, or more than 20% of the company's gross revenues.

Among the most recently installed government systems are a nationwide high-speed facsimile network for the U. S. Weather Bureau transmitting weather maps to 650 government, military and other stations; a new regional network for the Veterans Administration; a new network

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connecting satellite tracking stations for the National Aeronautics and Space Administration, and an automatic high-speed message center at Honolulu, Hawaii for the Federal Aviation Agency to handle international air traffic control and weather communications.

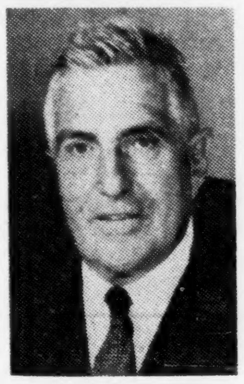
Among the large private wire systems established or expanded during the year were those of Carl M. Loeb, Rhoades and Co., stockbrokers; Minnesota Mining & Manufacturing Co.; International Business Machines; United Air Lines; U. S. Steel Corporation, the Bank Wire; New York Life Insurance Company; International Paper Company; United Fruit Company; Blue Cross; General Aniline and Film Company and General Cable Company.

THOMAS F. McCARTHY

President, Austin, Nichols & Co., Inc.

Our industry has come through the year just past probably about average. It has felt the profit squeeze and, with a few exceptions, volume has been very slightly better.

Straight whiskey showed a further increase. Vodka has leveled out on a high plane. Scotch is being imported in larger quantities with an increase in the trend toward bottling in this country.



T. F. McCarthy

Unfortunately, in some parts of the country there have been serious price wars on wines and liquors.

The industry is still plagued by the moonshiner whose business is on the increase. This is caused principally by the tax remaining at the Korean war peak of $10.50 per gallon and the government's reluctance to put on more enforcement officers.

Now for 1961, my feeling is that the year will follow the pattern of the last several years and unless there is a serious recession, the liquor business should go ahead slightly.

H. E. MARTIN

President, Metal & Thermit Corporation

The major segments of Metal & Thermit's business are as follows: *Organic Chemicals*—stabilizers, catalysts, biocides, fungicides; *Inorganic Chemicals*—tin plating, soap, toothpaste, and wire goods markets: *Ceramic Chemicals*—tile, pottery, sanitary ware and vinyl plastic fields; *Coatings*—plastisols for dishwasher linings, business machines, automotive interiors; *Welding Products* — electrodes and machines for automotive, shipbuilding and construction industries; *Minerals* — rutile, and aplite rock for welding rods and glass making; and *Detinning*—removal of tin from tin scrap.

H. E. Martin

From the above, it is seen that our progress is dependent to a large extent on the fortunes of the steel, automotive and construction industries. In 1961, we anticipate a generally mediocre year for these three areas. Specifically, in terms of our product lines, we can summarize as follows:

Organic Chemicals—Vinyl plastics shoulld show modest increases; urethane foam should continue its rapid growth. Fungicide and biocide applications of tin chemicals should increase.

Inorganic Chemicals—Tin plating production should be normal; soap and wire goods markets should show little change.

Ceramic Chemicals—Housing construction should be up, with increases in sanitary ware, vinyl plastics, etc.

Plating Products—Over-all outlook not favorable—automotive production should be down; compacts percentage up; lower use of chrome plating.

Coatings—Outlook is fair. Dishwasher linings use should increase; automotive production forecast down, but use of automotive coatings should increase. Business machine and electrical equipment production should decline, but M & T coatings applications should rise.

Minerals—Welding rod use of rutile should decline. Glass making (aplite rock) should hold steady.

Detinning—No drastic change in the production of tin containers. Low level of operations in the steel industry will probably keep the price of scrap at a low level.

In general, our prediction for 1961 business for those areas which affect our sales is somewhat pessimistic. We feel that steel production will continue at about its present levels, with its dampening effect on our detinning business and on the sales of chemicals which we supply to them. We are of the opinion that automotive business will be off from 1960 levels, which will reduce our market for welding rods and welding equipment and will also contribute to reduced markets for chrome plating chemicals and nickel anodes which we supply. The increase in percent of compact cars does not improve this prospect. We feel that factory construction will be down, which is also detrimental to welding rod sales. However, housing construction should hold its own, which will assist sales of ceramic opacifiers used in sanitary ware and fixtures.

In spite of our pessimistic forecast, M & T is forecasting a 15% increase in sales for 1961 as compared with 1960. We do not anticipate this increase, however, through any improvement in general business conditions or in the economy but rather through new product applications and increased sales in new markets of our current products.

HON. JOSEPH W. MARTIN, JR.

U. S. Congressman From Massachusetts

The dramatic challenge facing America's leaders in the critical year ahead is to maintain a just and honorable peace and to promote and expand our domestic prosperity.

Hon. J. W. Martin, Jr.

America and the Free World are confronted with the continuing threat of aggressive Communist designs for world domination. This is the real great menace of the 1960's. My personal belief is that in the foreseeable future at least, the Soviets will seek expansion of their control by the "cold war" but that they will stop short of running the risk of a shooting war. The implications of such a disaster would imperil the Soviet world just as much as the Free World, and the Communists know it. They are therefore more likely to follow the pattern which has paid off for them in past years, which is a policy of subversion in Africa, Asia and Latin America. They will step in and seize control through puppet governments wherever a power vacuum appears in the areas of freedom.

This is not to suggest that we could afford to relax our vigilance in the military field or fail to keep ahead of the Reds in the weapons of defense. The Soviets would not, of course, hesitate to resort to a shooting war if they thought they could win without endangering their own empire. The military strength of America and the Free World will continue to be the most effective deterrent to military aggression and our greatest assurance of peace.

The world on the free side of the Iron Curtain will continue to look to America for dynamic leadership in the struggle against Communism. We must fortify and strengthen our friendly relations with our allies and also with the uncommitted or neutral nations. This will, of course, call for wisdom and statesmanship of the highest order and America's leaders are faced with an awesome responsibility.

To excel in military strength requires that we must be strong economically. One inescapably follows the other. We must therefore seek vigorously to reinforce and expand our domestic economy. This will test the talents and the capabilities of both our government and business leadership.

A new Administration is about to take over the reins of government. All who are concerned with the welfare and progress of America will wish it well.

Personally I do not envision the role of the minority in the new government to be to oppose just for the sake of building a record of opposition. The times are too critical and the future too uncertain for such luxuries. For this reason, I believe, as I have stated previously, that the new Administration is entitled to a fair chance to lay before the Congress and the American people its programs for the future of America before jumping at premature conclusions. When its programs are enunciated, that will be the time for close scrutiny and examination and for judgments upon these programs.

Innovations should not be summarily rejected simply because they are new and untried. Neither should they be hastily adopted simply for the sake of action. They should be weighed carefully and conscientiously from the viewpoint of their impact upon the progress and prosperity of the nation. We should not legislate in haste. The speed with which we have acted will not be the test of our success in carrying out our grave responsibilities for America's future.

Personally I am optimistic about that future. Our people have never yet failed to meet the challenges which confront succeeding generations.

If we follow the rule of reason and sound common sense, and in a spirit of doing what is best for the nation as a whole, we shall solve the vexing problems which lie ahead and go forward to heights of prosperity and happiness as yet undreamed of.

PAUL B. McKEE

Chairman of the Board, Pacific Power & Light Company

We expect continued growth in our business during 1961. Our electric load has been growing at the rate of 8.2% per year since 1950, with all classes of service showing a consistent growth pattern.

Paul B. McKee

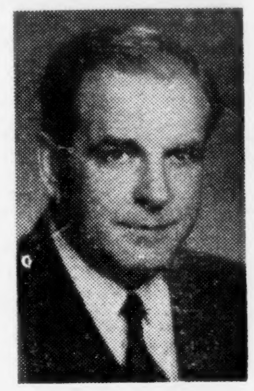
The residential and rural market for electricity, which provides 50% of our revenues, shows no signs of saturation. Average annual use of electricity in homes on the system now exceeds 8,100 kilowatt-hours. That is more than double the national average use, yet in 1960 we saw an increase of 500 kilowatt-hours in per customer use. A great many homes on our lines are using 12,000 kilowatt-hours or more per year.

A large part of the $23,600,000 we expect to spend for new construction in 1961 will be to strengthen power delivery facilities to keep pace with the service requirements of customers.

WILLIAM A. MAYBERRY

Chairman of the Board, Manufacturers National Bank of Detroit Detroit, Mich.

Bank demand deposits, after declining moderately during the first half of 1960 have subsequently bottomed out and turned up even more moderately. The Federal Reserve, even before the end of 1959, commenced to turn toward an easier monetary policy and has progressed this year to a policy of active monetary ease. This means that commercial banks have been supplied with bank reserve balances, which can be either invested or loaned, with these increased bank earning assets balanced by a corresponding expansion in bank deposits. It has become part of the monetary orthodoxy of our times to stem a slackening in general business by taking official measures calculated to encourage and permit the banking system to maintain and increase that part of the money supply consisting of checking deposits. This process may be expected to progress further in 1961, now that the member banks have gotten almost fully out of debt to their respective Federal Reserve Banks. It is to be hoped that banks will more fully avail themselves of the credit expansion which is potential in the substantial level of net free reserves, than they have yet done. The higher the level of business the larger the role of loan expansion and the less will be that of investments.



Wm. A. Mayberry

So much for checking deposits, which are the active money supply. But commercial banks also function in the same manner as various other financial intermediaries, in collecting and investing the savings of individual investors. Since these savings deposits do not pass from hand to hand in effecting business transactions, they do not add to the money supply, as generally defined. But they can add to the earning power of the banking system and of individual commercial banks, how much depending on the rates of interest paid to depositors and the characteristics of the earning assets acquired on the other side of the balance sheet. The outlook for 1961 is favorable for a continuing expansion in personal savings. The times thus present the commercial bank savings departments with an opportunity to compete for an increase in their deposits. They are handicapped in the interest rates which the regulations permit them to pay competitively, in the income tax rates paid, as compared with the competition, and in the nature of the earning assets in which deposits should be invested. But since personal savings are increasing, with the consumer in a cautious mood, it is an opportunity for banks to expand their savings liabilities, place new assets on their books at current earnings rates, and spread their overhead a little thinner. I expect that this trend will continue throughout 1961.

To these remarks I must add a reminder of the public responsibility on banks for educating the public as to the nature of the banking process and its place in our monetary economy. I must emphasize the conviction that we cannot expect people to make sound decisions, either as earners, consumers, voters or legislators unless they understand the essential principles and processes involved. It is enjoyable to be one of a (relatively) small number of initiates into the professional mysteries of money and banking. But it is a good deal safer to see to it that the public understands these also. For "where there is no vision, the people perish"—and we have serious objections to customers perishing.

RALPH T. McELVENNY

President, American Natural Gas Company

Industrial sales of natural gas will increase substantially during 1961, while the gas spaceheating business will continue its vigorous growth.

Important new technological developments, particularly in the steel industry, will spark the upswing in industrial demands for more natural gas.

Ralph T. McElvenny

For example, Great Lakes Steel Corporation has signed a 10-year contract calling for the purchase of up to 25 billion cubic feet of gas annually from Michigan Consolidated Gas Company, a subsidiary of American Natural Gas Company. This constitutes the largest single service contract in Michigan Consolidated's history.

The expanded gas supply will enable Great Lakes Steel to institute a new method for increasing production, whereby natural gas is substituted for a portion of the coke used in blast furnaces. In addition, the steel manufacturer will use gas to operate its new hot strip mill, fastest and most powerful in the world.

To achieve greater economy and efficiency, other large industries are contracting for increased gas supplies. Within the next two years, our System expects to more than double its total industrial gas sales in its Michigan markets alone.

Meanwhile, gas spaceheating sales continue their record climb. At the start of the current heating season, approximately 776,000 heating customers were connected to the American Natural system, an increase of 44,000

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Do Our Tariff Policies Really Help United States?

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applications, all proposals to negotiate trade agreements, Section 22 actions and others. Semi-public hearings — i. e., invitations to submit views—are conducted on other administrative actions such as Section 8 (National Defense), anti-dumping actions, etc. In general the Government provides a public forum including adversary proceedings, on applications from domestic producers for administrative action under provisions of applicable laws.

I have no objections to this procedure in principle. I do object to the continuance of a system which grants rights of participation on foreign governments, foreign producers and their agents when similar privileges are not available to U. S. firms, and even the U. S. Government, in the foreign countries concerned.

In these proceedings, foreign interests and their governments have the appearance, if not in fact, the status of defendants with a vested right in the issue.

An equal opportunity is not afforded U. S. exporters abroad to argue their case with foreign governments in full public view. In fact, no such forums are provided.

Flow of Funds Abroad

In closing this discourse, I want to cite some events which, I believe, indicate clearly some of the important results to our economy if our present foreign trade policy is continued without change.

There has been a decided acceleration of foreign investment by private American firms. Every day the business press contains notices of several new foreign affiliations arranged by U. S. firms. It is probable that several thousand American firms now have investments or other production or marketing arrangements abroad and that other thousands are making such arrangements in the future under present conditions. While not the only factor involved, American private investment is one of the dollar expenditures abroad that helps create the deficit in our balance-of-payments. While in the long run private investment abroad will contribute to dollar inflow, there is reason to believe that much of the profits from such investments will remain abroad.

Obviously this flight of capital abroad is largely for two purposes: (1) to manufacture abroad for markets there to which it is no longer possible, because of higher costs here, to export to such markets; (2) an opportunity exists for the profitable employment of capital abroad, especially in Western Europe and perhaps a few other areas. However, the incentives to export foreign production to the United States is increasing. A growing number of companies are supplying parts, components, and in some cases finished products to supplement or to actually substitute for domestic production.

Some time ago two typewriter manufacturers requested the Tariff Commission for relief from imported machines. The applicants pointed out the large decreases in exports of standards and portables and the growing domination of the domestic market by imports. The two companies stated that because of price competition they were forced to import from their European plants. The applicant companies indicated that unless relief was granted it might well be necessary for them to discontinue manufactures in this country.

The Tariff Commission denied the application. A few days ago another manufacturer of standard typewriters was reported to be closing its domestic plants and transferring its source of supply of these machines to its foreign plants. It might well be that the two companies involved in the Tariff Commission application will follow a similar course. Should this happen there will disappear from United States industry the manufacture of standard typewriters—the commrecial production of which originated in this country. There will be, of course, lots of typewriters produced here but not this kind of typewriter.

I will conclude by stating, which will be no surprise, that we need a reexamination of our foreign trade policy particularly our attitude toward complete free access to this market from destructive competition. I believe it is imperative that we advocate a policy to have some minimum safeguards for basic levels of employment and production against massive import competition. Such a policy would be consistent to that pursued by every other important industrial nation today. Such a policy would produce no serious repercussions among the countries with which we do our principal export-import business. Such a policy would permit a wide exchange of goods and services, and would not inhibit a growing international trade that would be profitable, mutually beneficial and not destructive to participants.

*From an address by H. B. McCoy before the Federal Bar Association Meeting in Chicago.

Joins A. B. Hogan

(Special to THE FINANCIAL CHRONICLE)

BURBANK, Calif. — Norman J. Adams has become affiliated with Arthur B. Hogan, Inc., 4404 Riverside Drive, members of the Pacific Coast Stock Exchange. He was formerly with Hayden, Stone & Co.

Shearson, Hammill Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Edward W. Schroeder has been added to the staff of Shearson, Hammill & Co., 3224 Wilshire Boulevard. He was formerly with Mitchum, Jones & Templeton and Schwabacher & Co.

With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Channell M. Wasson and Mark E. Schmeekle are now with Merrill Lynch, Pierce, Fenner & Smith Incorporated, 301 Montgomery St. Mr. Wasson was formerly with C. R. Mong Associates of Menlo Park. Mr. Schmeekle was with Wilson, Johnson & Higgins.

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over the previous year. By 1963 this total is expected to increase to 965,000 heating customers.

To serve broadening markets, the American Natural system has been continuing a record expansion program —in which its plant investment has tripled and its earnings have almost quadrupled during a single decade. That period was marked by the construction of two subsidiary pipelines and the development of vast underground storage fields, located near the System's major service area.

During 1960, one of the pipeline subsidiaries, Michigan Wisconsin Pipe Line Company, completed a $69,000,000 expansion, linking its customers for the first time with huge and developing gas fields in Western Canada.

The American Natural system now obtains an average total of 1,104,000,000 cubic feet of gas daily from its two principal pipeline suppliers. Supplemented by supplies from underground reservoirs, the System is capable of delivering approximately 2.3 billion cubic feet on a peak winter day.

Our integrated system now places at the disposal of its customers the resources of the three greatest gas producing areas of North America — the Southwest fields of Texas and Oklahoma, the Gulf Coast fields of Louisiana and the new Canadian fields in Alberta.

Along with providing for the expanding needs of its existing markets, we have extended natural gas service to 72 additional communities in 1960. Many others will be added in 1961.

The System also has offered to make natural gas available for the first time to Michigan's Upper Peninsula, where the Cleveland Cliffs Iron Company is operating a new process to pelletize low grade iron ore, through heating, for use by the steel industry. Large deposits of this ore located in the area. Important cities in the Upper Peninsula would also receive natural gas service.

In expanding to serve the burgeoning demands for natural gas, America's gas producers, transmission lines and distributors will contribute vitally to the nation's economic progress in the year ahead.

JOHN E. McKEEN

Chairman of the Board and President, Chas. Pfizer & Co., Inc.

The chemical industry reached new peaks in production and sales in 1960, but with most economic indicators pointing to continued slow business for the first half of 1961, the industry is expected to score only a moderate gain this year. A survey by McGraw-Hill puts the predicted over-all sales gain at about 3%, although some individual companies will on doubt make much greater headway.

John E. McKeen

Despite this temporary sluggishness, however, the industry's longer range prospects are for continued vigorous growth. When the economy again swings upward—and the consensus is that the turning point will be reached shortly after the first half —several segments of the industry should be in a position to move ahead at a pace that will outstrip the national growth rate.

Production of plastics and resins, for instance, is destined to climb sharply over the next several years as plastics continue to replace time-honored materials, especially in the construction field. Man-made fibers, petrochemicals and pharmaceuticals are other fields with outstanding potential for growth.

Despite such prospects, however, chemical producers continue to face a worsening cost-price squeeze with the cost of doing business mounting steadily. The Manufacturing Chemists Association reports that despite increased sales for the first three quarters of 1960, chemical industry earnings were 5.7% below the same period in 1959.

In the pharmaceutical segment of the industry, a survey by the Federal Trade Commission and the Securities and Exchange Commission indicates that sales at the third-quarter-year mark were some 6.2% above the comparable figure for 1959, while profits were about equal to those recorded the previous year. At Pfizer, sales for 1960 are expected to run about 7% ahead of the 1959 volume. Earnings, too, will be up, but may fall a little short of the rise in sales.

Along with the cost-price problem is the increasing competition faced by U. S. chemical firms, both from domestic companies expanding into new fields, and from strong foreign producers. The MCA has recently reported that 56% of the U. S. chemical companies covered in one survey would have overseas units in operation by the end of 1960, and 75% planned to have foreign facilities operating within the next five years.

Several years ago, Pfizer began an overseas building program, and from an initial investment has generated abroad earnings which have made possible the construction and operation of plants in 20 foreign countries and distribution of Pfizer products in over 100 countries throughout the free world. Last year substantial dividends were returned from our international operations and we believe such payments will increase in 1961 and in following years. Thus, such investments represent a stabilizing factor in the U. S. economy in view of the current gold crisis and efforts toward a more favorable balance of payments.

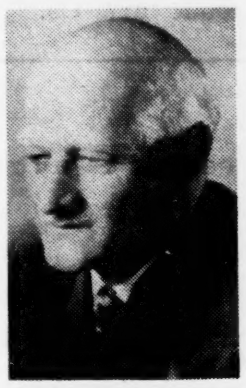
Moreover, these foreign installatons insure that future U. S. scientific achievements will be rapidly disseminated throughout the free nations of the world. Although spectacular medical advances have been made in recent years, the pharmaceutical industry today is more deeply involved in scientific research than ever before. At the new Pfizer Medical Research Laboratories in Groton, Connecticut, for example, scientists are working in a broad range of scientific fields including infectious, cardiovascular, mental and metabolic diseases, cancer and atherosclerosis.

It is to laboratories such as these that the industry looks for continued growth through the 1960's.

PHILIP M. McKENNA

President, Kennametal Inc.

Last year, more tungsten carbide was put to work than in 1959 as increasing amounts were used by engineers in their search for ingenious developments to hold down costs, improve existing products, and translate new ideas into commercial use. Increase in the use of tungsten carbide domestically is due not only to the unique properties of the material itself, but also to the growing realization among engineers that an adequate supply of raw material, from which tungsten metal and tungsten monocarbide may be extracted and refined, is physically in existence in the United States.



Philip M. McKenna

The growing use of tungsten carbides exemplifies the truism that the metal used for cutting tools in one generation becomes the material of construction for critical machine parts in subsequent generations. Introduced only several decades ago as a metal-cutting material, tungsten carbide is now considered as the leading material for that purpose because of its superlative hardness and strength and is now becoming recognized as one of the most versatile materials available to design engineers.

This transition to wider usage is largely due to the unequalled ability of tungsten carbide to resist deformation under heavy concentrations of pressures, generally accompanied by higher temperatures as at the point of cutting tools, which makes the metal highly suitable for general use. For example, tungsten carbide hard alloys were used more extensively in 1960 for making boring bars, not only for the small inserts to cut chips, but also for the long shanks to support the cutting element. Shanks made of tungsten carbide deflect only one-third as much as shanks made from steel, since the Young's Modulus of Elasticity of tungsten carbide is 90 million psi as compared to 30 million psi for steel. Boring bars up to five feet in length and diameters up to five inches, requiring more than 400 pounds of tungsten carbide, are now being produced in numbers.

Likewise in "chipless" machining, the high rigidity of tungsten carbide alloy rolls withstands the tremendous pressures required to squeeze and press rough rings of steel and other metals to accurate shapes in the cold state, as well as form finished pieces to accurate size and with improved physical properties attained by work hardening during the process. Another example of forming finished pieces of steel without cutting is by impact extrusion. Here again tungsten carbide hard alloy is employed in making the dies and rams by which a button of steel is struck and formed into a hollow cylinder of finished accuracy at one blow. Such metal forming techniques are certain to greatly expand the use of tungsten carbides.

The humble but productive uses of tungsten carbide in oil well drilling, in coal cutting machines, and in percussion drilling of blast holes, progressed steadily during 1960.

In the chemical field, transformation of chemical compounds and also of elementary substances now employs the higher pressures made possible by cylinders and pressure vessels when made of tungsten carbide alloys. Notable examples are liners in compressors used in the polymerization of ethylene to polyethylene and pressure chambers used in the conversion of graphite to diamond.

Large crusher rolls, each requiring hundreds of pounds of tungsten carbide, were developed during 1960 for reducing minerals and ceramic materials while significant tonnages of various alloys of tungsten went into military items for markets here and abroad. These and other developments reflect the interest among engineers in tungsten carbides as materials of construction to meet a wide range of requirements.

Meanwhile the extraction, concentration and refining of raw tungsten ores progressed technically so that the redundant supplies in U. S. Government stockpiles may be put to work more rapidly and in larger volume for military or industrial uses. Thus, the dark cloud of government intervention may be eventually dissolved in the sunshine of hopeful American enterprise. Incredible as it may seem, more than a 20-years' supply of raw ores, based on average yearly consumption for all purposes in the U. S. A. during the past five years, exists as a statistical surplus in government stockpiles. During the last year, further large mineral deposits of tungsten were discovered in North America.

The great over-estimate of the needs of raw mineral since 1940 was based upon statistics of World War I when tungsten tool steel containing 18% tungsten was almost universally used for metal cutting. That over-estimate failed to take into account that one pound of tungsten in the form of the new hard carbide tool metal did as much cutting as 60 pounds of metallic tungsten when used in high speed steel. This fact was pointed out in an article by this writer published in the November 14, 1940 issue of THE IRON AGE and shown to many authorities in government.

Most of the government stockpile was purchased abroad. Political support was sought among American mining men for increasing the stockpile at high prices which was a cruel hoax as the vast majority of taxpayers' money went to purchase it abroad. In 1959 there were only two tungsten mines open and they produced the major portion of the domestic ore mined.

Meanwhile, the American tungsten carbide industry continues to develop time- and cost-saving adaptations of "indexable" type insert cutting tools for the metal working industry. By using these precision ground carbide inserts with multiple cutting edges to replace tools with only one cutting edge, much time and expense in tool resharpening is saved.

During 1961 and 1962 the best hope for Americans in general, and the carbide industry in particular, is to throw off the incubus of the ill-starred Federal intervention in tungsten and other economic matters. Furthermore, under a more conservative Congress, if forthcoming, and a President-Elect who says he wants to "move forward," the least we should be able to hope for is to release the energies and ingenuity of our people in industry. Upon these energies our industrial efficiency in time of peace and our protection in time of war have depended.

DONALD H. McLAUGHLIN

President, Homestake Mining Company

Although nothing occurred during this year that relieved the difficulties of the times for the gold miners, the mounting worries about the dollar, resulting from the persistent deficit in international payments and the outflow of gold from the United States, attracted new attention on the part of investors to the gold producing companies. Profits continued to be pinched between the prewar price of gold in paper dollars—$35 per ounce—and the unavoidable increase in costs that had to be met in depreciated paper dollars—and no hope for improvement exists as long as the current policies on gold and money are continued.

D. H. McLaughlin

However, in the past few months, the difficulties of maintaining the tie between gold and the dollar have become more and more apparent. Unless gold itself is to be entirely discredited as international money—which is most unlikely—it can hardly be forced to accompany a depreciating currency, such as the dollar, in its decline, at least beyond the point at which the United States is unwilling or unable to convert dollars in foreign hands into gold. As long as we can meet such demands, the price of gold will remain close to $35 per ounce, with the result that an ounce of gold today buys about half of what it did in 1939.

The power of gold as the international monetary commodity, in all probability, cannot be disregarded; and it seems inevitable that either the dollar will have to be restored to some measure of its old purchasing power, through deflation, or it will have to be revalued in terms of gold, with gold at a higher price in dollars. Deflation to a significant degree seems unlikely, for it is doubtful if the American electorate would accept the stabilization of wages or their actual reduction, the more economic and orderly ways of living, the termination of deficit financing and other relatively harsh measures that a deflation would require. Such a course would in the end be beneficial; but it is unlikely that it would be freely chosen. The other alternative — devaluation — is still viewed with horror by most bankers and economists—yet such a move would merely be recognition of the depreciation that the dollar has already suffered. If it is forced under panic conditions, it could indeed be most disturbing; but if undertaken in accordance with a thoughtfully prepared and well timed plan, it could surely be carried out to the advantage of the entire free world. When it is done, it should lead to the re-establishment of the gold standard, with gold and other major currencies redefined in terms of gold and made freely convertible.

Until that time arrives, however, the American gold miner will continue to suffer declining profits and even extinction if relief is too long postponed. A subsidy to keep the industry alive is well worth considering, for the benefits to be derived nationally from an increase in the domestic gold supply and extension of the life of existing mines. To be effective, however, the subsidy for gold from mines now inactive or from newly developed mines would have to be substantial and given with assurance that it would not be withdrawn until the price of gold was raised.

So far, the operations of the few surviving gold mines can be justifiably proud of their record of technical improvement at all stages from geology to metallurgy; but it is small satisfaction to think that this good work has been rewarded merely by permitting them to remain alive.

Better times for the gold miner, however, may not be far ahead, and the renewed interest in the problems of gold is at least reassuring.

H. L. MECKLER

President, Lease Plan International Corp.

The profit squeeze growing out of intense competitive conditions in today's markets is contributing substantially to the growth of the equipment leasing industry.

During the past year, annual volume of leasing pushed well above the $400 million mark. At the current rate of growth, the billion-dollar mark will be reached by 1965, if not earlier.

H. L. Meckler

Healthy competition characterizing present-day enterprise is driving prices down. In order to meet this effectively, management must find means of cutting costs and increasing output without sacrificing quality.

Leasing in itself is a cost-cutting and profit-contributing tool and has inherent advantages over ownership of equipment. It is not only a deductible business expense but it improves the working capital condition.

However, its contributions to a company's profits are far greater when management uses it as a means of keeping itself equipped with the latest in production machinery.

Great technological advances have made available equipment which achieves high volume production at low unit cost. It is much easier to obtain this equipment by leasing than by using hard-to-come-by capital to purchase it. After a lease has run out, the company is in a position to avail itself again of any more recent machines which will assist in turning a profit.

Leasing of automobile and truck fleets by industry continues to account for the highest percentage of equipment used under such arrangements. However, we are now seeing a substantial rise in the rate of growth of leases involving production machinery and other equipment necessary to industrial and commercial activities, including electronic computers, record systems and entire plants filled with up-to-date devices.

The next big step will be in the household equipment field. The householder will be able to lease an entire package including stove, refrigerator, freezer, air-conditioning units, television and hi-fi set.

This will come as soon as leasing companies find the lines of credit which will enable them to tackle this market. While there are sufficient lines of credit open to the responsible firms leasing motor vehicles and other equipment to industry, it is not so readily available for the potential household equipment market. However, these problems are certain to be solved soon and the growth rate of the leasing industry will take another jump.

GENERAL J. B. MEDARIS

President, The Lionel Corporation

Measuring the forecasts made a year ago against the general economic picture which developed in 1960, I can see the risks involved in making any prediction for the coming year. We are still in what businessmen choose to term "a period of readjustment," but which some economists, less inclined toward euphemism and more inclined toward calling a spade a spade, refer to as a recession.

General J. B. Medaris

Some economists temper this judgment by calling it an "inventory recession," but whatever it is called, our economy has been soft and spotty for the past few months, at least. I might say, here, that I have always resented the notion that a recessive economy should be treated like a hostile hound—if you pat it on the head and say nice things about it, it will wag its tail and go away. Or if, like Pollyanna, you say bullish things about the economy, this will restore its confidence, and therefore its strength. Active, positive steps—action rather than talk—is quite obviously more effective in such situations.

In my opinion, the "period of readjustment," including unemployment and inventory adjustments, is likely to continue through the first half of 1961. The good signs are that some companies and industries are already finding firmer markets and growing business, leading some forecasters to believe that the turning point has been reached and passed. Other analysts are not sure that overall business prospects for the first half of 1961 are as yet very encouraging. The recent Samuelson report to President-elect Kennedy went so far as to urge vigorous action in those spending programs which, perhaps, would have been undertaken in any case (although probably at a more leisurely pace). The report also mentioned a possible downward adjustment in income-tax rates in April, if sufficient recovery has not occurred.

Of course the problem is complicated this year by the inhibition placed on our use of monetary manipulation due to the gold outflow. Further easing of money and lowering of interest rates would probably increase the gold-flow problem.

But these overall questions are beyond the province or responsibility of the individual businessman, and however they are solved, some industries will fare better than others.

The Lionel Corporation is looking forward to a good year. In the past year we were able to show satisfactory earnings, reversing the deficit operations which the

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company had experienced in the two preceding years. This was accomplished in a year in which the toy industry, generally, was chaotic. We also took a giant step forward into the electronics field, to the point where we are now capable of bidding on complete missile systems, and we look forward to healthy growth in this area.

I think that our growth will be matched by national growth; that the overall, long-term prospects for our economy are sound and reassuring.

The key to this future growth lies, in my opinion, in vigorous and imaginative effort directed toward good products at value prices. This also argues the necessity for special attention to the corollary areas of imaginative research, sound market analysis, aggressive merchandising, close attention to costs, and the maintenance of high quality.

As in the past, real attention to these fundamentals will assure sound growth.

RUDY A. MORITZ

President, Drewrys Limited, U. S. A., Inc.

In 1960, in many of the sections of the country, there was considerable unemployment and cool and rainy summertime weather. Therefore, with normal weather and employment conditions, the brewing industry can look forward to 1961 to be an improvement over 1960.

Rudy A. Moritz

Favorable effect, also, will come from accelerated increase in the population reaching the legal beer-drinking age, which will increase per capita beer consumption.

Worthy of mention as another "plus" benefit to the beer industry is the greater and greater trend to outdoor gatherings—back-yard parties, barbecues, week-end outings—where beer has become as much of a "must" as hot dogs and hamburgers. Also there is a continuation of the constantly growing popularity of beer with women. These factors and the progress of our company in the face of unseasonable weather and the greatly reduced employment that existed in our primary marketing areas make our outlook for 1961 optimistic.

Accordingly, our production capacity has been increased—our expansion program is being accelerated—and our advertising, sales and promotional efforts for 1961 will be the most aggressive in our history.

L. E. MINKEL

Vice-President of Marketing, Studebaker-Packard Corporation

Forward planning by Studebaker Corporation is based upon trends that point to a long-term growth of the automobile industry. Needs for personal transportation will expand with increases in population, productivity, personal incomes and families requiring multiple car ownership.

L. E. Minkel

Despite year by year fluctuations, all indications today are for a 40% increase in the number of passenger cars in use during the next decade. This estimate means that by 1970 there will be 75 million passenger cars on our streets and highways.

The challenge facing our industry is to participate in this market growth by foreseeing the requirements and desires of the motoring public, by producing the right models with the proper equipment at the appropriate times.

With the compact car meeting the needs of today and the immediate future, the industry can expect this segment of the market to continue its current expansion during 1961. This will enlarge sales opportunities for all compacts with a broadening out of competition.

The compact car revolution has opened new markets. It enables more families to enjoy new car and multiple car ownership. Studebaker, with its strong advertising, product publicity and dealer development programs, is prepared to capture its share of this expanding market.

There is a possibility that luxury compacts may cause a realignment of the new car market in 1961 by dominating medium-priced field as well as occupying the low-priced field.

Studebaker Larks, by combining compact advantages of sensible exterior size and maneuverability with American standards of generous interior dimensions, higher headroom and comfortable appointments, illustrate this luxury concept. In addition to these features, the new Lark Cruiser with its longer wheelbase and body has even greater interior dimensions along with its exclusive elegant equipment.

Our theme for 1961 is "Performability"—a new word that sums up major changes in Studebaker vehicles that can only be appreciated by driving the cars. These engineering and styling advances, however, have been made within our philosophy of design consistency. We believe radical changes are only justified on the basis of greater purchaser investment value.

Today the length, width and horsepower of a car is no longer a badge of personal prestige or economic stature. Today the car competes for the consumer dollar with numerous new products and activities available to more people with the rise in living standards.

The new buyer concept has focused consumer attention on the advantages of over-all economy, quality, attractive styling, comfort and performance. In all comparisons of these basic factors, Studebaker products are outstanding, and with style consistency assuring high resale values, Lark purchasers today are receiving an unequaled value for their transportation dollar.

For 108 years Studebaker has supplied American transportation needs with vehicles famed for quality and craftsmanship. With this traditional background and a progressive outlook, Studebaker is preparing to meet the challenges of 1961 and the years beyond.

CHARLES G. MORTIMER

Chairman, General Foods Corporation

The coming year should be a relatively good one for the food industry. Even a moderate slackening of general industrial activity in 1961—as predicted by many economists—does not seem to threaten this prospect. Consumers may defer many purchases during periods of business uncertainty, but their food buying patterns do not change rapidly. It is noteworthy that total food expenditures continued upward both in 1954 and 1958, the years that marked the last two business dips.

Charles G. Mortimer

Taking a longer-range view, the food industry outlook is even more promising. Based on government estimates of an increase in population, personal income and business growth, the food industry looks for sales to increase by an average of some $4 billion a year for the next ten years, bringing the total sales figure to an estimated $115 billion by 1970. During the next ten years, the changing character of our population will affect the food industry significantly. Some 33 million young men and women will become new wage earners and purchasers of consumer goods, bringing new needs, new wants, new tastes to be filled. There will also be a record number of people reaching 65 years of age—almost 20 million of them—who will have different nutritional and taste requirements.

In addition, there will be a growing number of working women requiring an ever-increasing supply of convenience foods for their part-time housekeeping. More and better educated people will become more sophisticated and exacting consumers. The population shift to the suburbs will be accompanied by some swing toward food products designed for more leisure time and outdoor living.

Through all these years of growth and change, the importance of nutrition will increase. From the American homemaker will come a growing reliance on processors to build better nutrition into family diets—to add yet another value to those already offered at the corner grocery store.

For General Foods, the year 1960 was one of expansion—in products and product lines, in markets and marketing areas, in GF's radically new market-centered sales and distribution system and in production facilities.

Our capital expenditures investment for our current fiscal year, which ends March 31, 1961, is expected to total almost $50 million, compared with last year's record $34.6 million; our national network of 16 market-oriented distribution centers will be completely installed within the next year; General Foods entered new markets and marketing areas with new production facilities in the U. S., Canada, Mexico, Brazil, and France, and more than 30 new and improved products have gone to market in the U. S. alone during 1960.

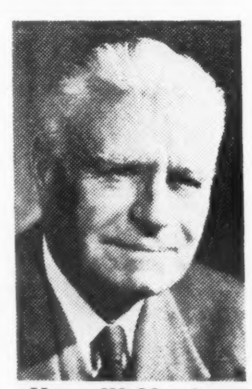
Fiscal 1960 was a record year in net sales, net earnings, and physical volume of products sold.

We expect this favorable trend to continue in the current fiscal year.

H. W. MORRISON

Chairman of the Board, Morrison-Knudsen Company, Inc.

The construction industry is expected to attain a new high in dollar volume in 1961 and provide a strong stimulus to the economy in general. Authoritive statistical sources report that while the estimated $55.1 billion of new construction put in place in 1960 was 2% less than the record-high total of $56.2 billion in 1959, it is conservatively forecast that 1961's total will amount to $57.3 billion. This is 4% above 1960's estimated volume and 2% above actual volume in the record year, 1959.



Harry W. Morrison

A substantial portion of 1961's construction volume will have its source in the backlog or uncompleted portions of contracts awarded in prior years. Morrison-Knudsen Company, Inc., for example, entered 1961 with a domestic backlog of $222.5 million and a foreign backlog of $98.5 million, or a total backlog of $321 million. We are engaged in "heavy" or engineered construction, a division of the industry which generates the purchase, use or installation of reinforcing and structural steel, lumber, cement, pumps, motors, powerhouse machinery, autos, trucks, fuels, lubricants, rubber tires, construction equipment and many additional items produced by other industries. Aside from the normal and indispensable function which it performs, the construction industry therefore, has been rightly recognized as an effective instrument for sparking a sluggish national economy.

Of particular significance in the 1961 construction picture is the forecast of $40.25 billion to be expended by private groups, compared with $17.05 billion of expenditures under programs of governmental and other public agencies at federal, state and local levels. Most important segments of private construction programs consist of $22.6 billion for residential buildings; $10.55 billion for non-residential buildings including industrial, commercial and institutional buildings; and $5.5 billion for utilities such as gas, electric light and power, telephone and telegraph and railroad.

Principal segments of public programs consist of $5.175 billion of non-residential buildings including educational, hospital, institutional, administrative and other types of buildings; $1.325 billion for military facilities; $6.0 billion for highways; $1.525 billion for sewer and water systems; and $1.35 billion for water resource conservation and development projects. Construction volume of publicly financed residential buildings, known as public housing, is now forecast at $775 million in 1961 compared with $725 million and $962 million in 1960 and 1959 respectively.

Private construction of housing may be expected to regain momentum in view of the readier availability of financing at possibly lower interest rates and the continued movement of city families to suburban areas. Population growth has by no means been arrested and this too will continue to be a basic factor in the 1961 housing demand.

Highway construction, including sections of the federal interstate system, will again reach the record level of $6.0 billion attained in 1959 because the planning and right-of-way-acquisition phases of federal and state programs progressed greatly during 1960 and earmarked funds will be available to support a $6.0 billion highway construction volume in 1961.

Fiscal, tax and labor policies of the new Administration can have varying effects on some construction programs, particularly those predicated on private capital financing. The fact remains, however, that large segments of both private and public programs are of a nature which cannot be deferred—particularly those involving extensions of sewer, water, gas, electric light and power and telephone systems; construction of many administrative educational and institutional buildings; and construction of vital and urgently needed defense facilities. Notwithstanding political and legislative factors, it is reasonable to expect that the 1961 dollar volume of construction will approximate the $57.3 billion forecast for the industry.

EDWIN H. MOSLER, JR.

President, The Mosler Safe Company

Awareness of modern methods and new ways to cope with hazards indicates that 1961 will be a year of continued good business in our industry. New modern banking offices will be built during 1961 and many existing offices will be modernized to meet the competition of the newer offices. Motor banking, for example, is gaining more and more popularity with the public and with bankers.

Edwin H. Mosler, Jr.

The trend toward more motor-banking facilities insures a continued good market for our drive-up windows and other equipment for these installations.

In addition to motor-banking offices, banks are opening more offices in convenient locations to make banking easier for the public and bring in new business. This new office building and old office modernization program means a good market for safes, vault doors, safe deposit boxes, night depositories and specialized filing systems housings.

During the year 1960, the effectiveness of our Photoguard camera protection system was demonstrated on several occasions through the capture of bank robbers who were identified by motion pictures made while the robbery was taking place. The extensive publicity given to these dramatic pictures has increased the effectiveness of Photoguard as a deterrent to robbers and has made bankers more aware of the advantages of a photographic protection system. Police have recommended photographic protection equipment for banking offices. We expect 1961 to show record sales in this area.

Business and industry in general, from the small company to the industrial giant, are modernizing their record keeping and data processing operations and creating a demand for both filing equipment and safe record storage.

This year should be a good one for Mosler's rapid file-and-find Revo-file and Selectronic record files to implement these modern methods.

The increasing awareness of the necessity for protecting valuable records from fire hazards means an increasing market for insulated files and fire-resistant safes.

As the world's largest builders of safes and bank vaults, the Mosler Safe Company has kept abreast of the newest techniques used by burglars, and manufactures safes incorporating the latest technological advances to foil modern burglary methods.

Businessmen are becoming increasingly aware of the newer and better equipment available to protect cash and valuables. They are coming to realize that a ten-or-twenty-year-old safe, while it may be as good as new,

Continued on page 78

ASE 5 & 20 Club Names J. J. Mann

John J. Mann was elected President of the American Stock Exchange Five & Twenty Club at an annual election and dinner held in the Manhattan Club (Thursday, Jan. 12). Mr. Mann became a member of the Exchange in 1933 and was Chairman of the Board of Governors for five consecutive terms between 1951 and 1956. A stock specialist on the trading floor, he is a senior partner of Mann, Farrell, Jacobi and Greene.

John J. Mann

Also elected were Robert J. Fisher, Vice-President; Jacob Feinstein, Treasurer, and Raymond A. Bau, Secretary. The Club admits ASE members of 25 years or more standing.

Hardy & Co. to Admit Partner

Hardy & Co., 30 Broad St., New York City, members of the New York Stock Exchange on Feb. 1 will admit Angier St. George B. Duke to partnership.

Heller & Meyer to Admit Partner

EAST ORANGE, N. J.—On Feb. 1 Heller & Meyer will admit Kenneth R. Heyman to partnership. The firm, which is a member of the New York Stock Exchange, is located at 520 Main St.

J. A. Hogle Co. To Admit Three

SALT LAKE CITY, Utah — On Jan. 23 J. A. Hogle & Co., 132 South Main St., members of the New York Stock Exchange and other leading exchanges, will admit G. Kenneth Handley, Wendell M. Smoot, Jr. and James E. Hogle, Jr. to partnership.

With Powell, Kistler

(Special to THE FINANCIAL CHRONICLE)

FAYETTEVILLE, N. C.—Francis X. Stewart is now affiliated with Powell, Kistler & Company, 110 Old Street, members of the New York Stock Exchange.

Named Director

William H. Osborn, Jr., a partner in Lehman Brothers, New York investment banking firm, has been elected a director of Ling-Temco Electronics, Inc.

Detroit Bd. Women to Hear

DETROIT, Mich. — Sigurd R. Wendin, President of Heber-Fuger-Wendin, Inc., will address the Municipal Bond Women's Club of Detroit on "The Bond Outlook for 1961" Jan. 25, 1961 at 6 p.m. in Room 1830 of the First National Building. Guests are welcome.

2 With Inv. Management

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Richard W. Haas and Theodore M. Johnson have become associated with Investment Management Corporation, 818 Seventeenth Street. Both were formerly with Andersen, Randolph & Co.

"Peaceful" Coexistence!

"This principle (of peaceful coexistence) does not deny the existence of class struggle. It does not mean the reconciling of socialism and capitalism, but suggests the intensification of the struggle for the triumph of Socialist ideas and the total victory of socialism.

"The Soviet Communist party, proceeding from the interests of the working class and the great cause of communism, has together with all Marxist-Leninist parties carried out and will continue to carry out untiring work further to consolidate and strengthen the unity of the Socialist camp and of the entire international Communist movement on the fundamental basis of Marxism-Leninism and loyalty to the cause of the working class. The Soviet Communist party sees in this its international duty, its direct task and responsibility.

"In rallying further Communist and workers' parties under the banner of Marxism-Leninism and proletarian internationalism, there is the guarantee for new victories of the world's Communist movement, the full guarantee for the triumph of communism."—Editorial from "Pravda."

Translate this and much other of a like sort emanating from the Kremlin into plain English and we have a statement to the effect that the time has come when it serves the purposes of imperialistic communism better to proceed by subversion, intrigue and treachery than by suicidal war.

Continued from page 76

may not be effective protection from modern burglars' tools or against modern fire hazards.

Business is learning to get the most out of a safe by using special safes for special purposes. Executives are increasingly aware that there are two basic types of safes; money safes and record safes.

Within these categories there are many different types. Selection of the best type for the use contributes to more efficient money and record handling and lessens the hazards.

The combination of modernization, increasing efficiency, and public awareness of advances in protection provides a good indication that business in our industry should pick up in 1961.

VICTOR MUCHER
President, Clarostat Mfg. Co., Inc.

The complexities of electronic devices involved in space exploration and of such other marvels as computers are presenting new challenges to the potentiometer industry, which always must be ready with controls to do the right job. Thus far, the industry has kept pace and, with its heavy concentration on research, it is certain not to be found wanting in the future.

Victor Mucher

The need for highly precise potentiometers and fixed and variable resistors, the most highly sophisticated of which cost $500 or more each, has boosted potentiometer industry sales to more than $85 million annually. A conservative estimate is that in 1961 the industry will climb close to, if not over, the $100 million mark.

Potentiometers, or "pots" as the electronic engineer prefers to call them, control the flow of electrical current in much the same fashion as a faucet controls the flow of water into the kitchen sink.

Their use is not limited to the wonder machines of the Space Age. In fact, they are an important control in every radio and TV set and the makers of these continue to be about the biggest volume customers of the potentiometer industry.

The fastest growing markets are in electronic devices for medicine and for safety on the highway, the rails, the sea and in the air.

Another promising market is toys: the powered airplanes and other electronic gadgets which are delighting the youngsters of this new age. Toys need precise controls, not the expensive "pots" which go into the airborne and ground controls of a missile, but ones which still provide good performance so you won't have an unhappy junior "engineering scientist" on your hands.

In potentiometers, as in everything else these days, the drive is toward miniaturization. This is particularly important in space vehicles where the concentration is on perfect performance and on reducing weight and size. One type of space vehicle contains 32,000 resistors of various types, so one can readily see the problem faced by the potentiometer industry. Our own company has designed a "pot" the size of an aspirin tablet.

Steady markets continue in the household equipment field, including supplying the needs of manufacturers of air cleaners, washers and driers, recorders and thermostats. Slight rises can be expected in the medical field because of increased production of such instruments as X-ray machines and cardiographs, and in the scientific-industrial field which is using increased numbers of potentiometers and resistors for metrological systems, automated machinery, computers and record control systems, to name a few.

Perhaps the greater activity for the year ahead lies in aircraft flight controls because of the faster pace with which the government and the aircraft industry is attacking the problems of flight safety and approaching the day of complete ground control for all planes in the air.

Our industry has come a long way in recent years, but in the next decade we are bound to see even greater advances as new materials and new approaches to design come into being in the production of "pots" and other resistors.

HARRY C. MURPHY
President, Chicago, Burlington & Quincy Railroad Co.

There's no gloom or doom about the future of the passenger business on the Burlington Railroad these days. The Chicago-based road, famous for its Zephyr streamliners, will this year roll up highest passenger revenues since the end of World War II.

Harry C. Murphy

With declining rail passenger business causing concern in many sections of the country, how has Burlington managed to counter the down-trend? Secret of the line's success is a blend of salesmanship and close control of costs, coupled with a genuine enthusiasm for the passenger business.

Passenger traffic manager W. F. Burke says: "You've got to go out and look for business. And you've got to offer travel that has appeal." Faced with growing competition, the Burlington has expanded its sales effort to develop group travel. This year organized travel will produce $1,500,000 of added revenues and prove the difference between mediocre and record results.

Largest portion of Burlington's group business was the movement of 27,000 Boy Scouts to and from Colorado Springs last summer, following a national Shrine convention in Denver that brought the railroad 3,756 new passengers. For 6,000 lovers of the Iron Horse, Burlington ran a dozen special trains pulled by its two remaining steam locomotives. Some 4,500 enthusiastic Midwesterners flocked aboard special excursions, bound for scenic and historic points along the Mississippi River, which included a two-hour boat ride; and 7,300 football fans were transported to Saturday afternoon extravaganzas, helping the railroad swell its passenger totals.

While the Burlington has keyed its passenger salesmen to a high competitive pitch, a dramatic flair for showmanship enlivens the travel packages they sell. Excursion passengers are often greeted with orchestral or choral serenades. "This helps put them in high spirits for the trip," explains Burlington's Burke. Recreation cars decorated in Gay 90's motif are added to special trains. On an Autumn Panorama weekend jaunt to Colorado's Rockies, tour escorts were outfitted in whipcord Western wear, complete with ten-gallon hats; for an excursion to the swank Broadmoor Hotel at Colorado Springs, tuxedos, were utilized to provide the atmosphere the railroad wished to create. Burlington's flamboyant promotion of bargain-priced tours pays off: four off-season weekend excursions from Chicago to Colorado drew 2,500 passengers who paid less than $70 each for hotel, train fare, meals and sightseeing.

Weekend tours have generated such enthusiasm the railroad has compiled a mailing list of some 21,000 persons who can be counted upon to take at least one Burlington excursion a year. "Some of these folks take every trip we run and beg for more," says passenger salesman Burke.

Special "incentive" fares (which offer substantial reductions) between key Burlington cities have added passengers to regular trains and produced revenue the railroad feels it would have otherwise not received. On weekends when incentive fares are offered between the Twin Cities and Chicago, the number of passengers often triples.

Burlington's creative sales program began in 1952 when it sold small-town students the idea of taking educational tours to larger cities along the line. Later, big-city students were intrigued by Burlington's offer to transport them to scenic and historic locations far removed from urban throngs.

Proof of its sales success with students is the growth of this traffic: from 2,500 in 1952 to 62,500 in 1960. In many Western communities Burlington's annual rail pilgrimage has become a major event of the year. Well-chaperoned trainloads of youngsters descend on such cities as Denver and Chicago for a vigorous round of sightseeing, sometimes topped off by attendance at an Ice Follies performance.

Can the railroad maintain its passenger success story? We've just started. The morale of our sales force is the highest ever. We've nowhere to go but up.

HON. KARL E. MUNDT
U. S. Senator From South Dakota

"America's Gold Supply Leaving Country. . . ."

"Imports Threaten Domestic Industrial Production. . . ."

"Plants Moving to South for New Opportunity. . . ."

"High Overhead Forcing Business to Brink? . . ."

"New Tax Plans Termed Inflationary, Retrogressive. . . ."

"Labor Chiefs Believe 32-Hour Week Answer to Automation. . . ."

The above are a few samples of the newspaper and periodical headlines which have more than caught the eyes of thousands of corporation executives throughout the country. But the headlines have not gone unnoticed among the people of America who form the backbone of the greatest economic system forged in our modern civilization.

Hon. Karl E. Mundt

Scare headlines? Perhaps.

Whether or not the headlines prompt excitable discussion on Wall Street or concerned conversation over the coffee cups in a main street cafe in South Dakota, they do one thing—demonstrate the tenor of the times in which we live, an era of relative prosperity hedged by the uncertainty of the future, both at home and abroad.

In citing the fact that most Americans are concerned, whether they be in the corporate offices of our metropolitan cities, or balancing the profit-loss ledger of a local clothing shop, or planning next year's corn plantings, I intentionally lead up to a conclusion that came closer to being recognized in this recent past national election than at any time in our history.

It is this:

America is no longer (if it ever was) an entity in itself, independent of the forces within and without which relentlessly push forward in the progressive molding of our system of enterprise—sociological as well as economic.

Why make this particular point of a fact that is already understood by many leaders in a variety of fields?

Because I firmly believe that while this fact has made a firm dent in our thinking, many still refuse to recognize the implications and prefer to stand pat on no longer workable formulas of the past and outmoded ideas of yesterday.

For example:

BIG LABOR—While the original goals of the union movement were long ago achieved, today we still hear as one of the rallying cries of labor leaders the "need to protect workers from the excesses of 'big' business." The real problem, of course, not only to labor, but to all America, is how best to protect and improve our profit system, because to lose it, or completely dilute it, can only in the end bring real harm and permanent damage to the millions of men and women both in and out of the labor union ranks.

BIG BUSINESS—There are still the "old-line" protectionists in our ranks, carrying forth somewhat effectively in their battle cry to return to the methods of old of "shutting out foreign competition" and "slapping on the high tariffs." While this may well be an effective means to immediate full employment and increased domestic markets, it fails to recognize that this nation has committed itself through policies of the past to the growth of other nations. A return to prohibitive tariffs and the total abandonment of foreign trade would be the quickest way to turn over the remainder of the Free World to Communism.

THE FARMER—Here again is the call for a return to "the old," this time from a minority voice, but still an effective and influential voice. Policies of the past—to restrict and curtail production, to control agriculture—provide the sharpest clash of the old vs. new. Advocates of such policies call for utilization of surplus crops through foreign disposal programs, while at the same time plan to "gear down" the agriculture plant to prevent future surpluses. The programs are incompatible. America's food and fiber—the bulk of it anyway—cannot be given away without destroying world markets. This is the problem of today — our surpluses. Tomorrow's problems will be in the demand field, the need for more production, more commodities, as the new nations develop their economies, their standards of living, and these nations will not be depositories of welfare programs but rather solid customers for our expanding production. In addition, we are also entering upon a whole exciting new era of industrial uses of farm products.

The 1960 election demonstrated, to me at least, that Americans have come to recognize that not only are we interdependent upon the relations we have with the world outside, but also that many now recognize that we also are interdependent upon each other in this country if we are to reap the full fruits of our economic system.

While it is true that certain campaign appeals were made on the basis of "bloc" or "class" votes, the success of such an appeal is certainly not demonstrated in an election in which 68 million voters were virtually equally divided. This leads me to believe that the time has been reached when elections can no longer be won or lost on the basis of any so-called "farm" vote, "labor" vote, "suburban" vote, or what have you.

The past election was aimed at "Americans" primarily, although I will admit there were notable exceptions. But balance the 1960 campaign with that of the past, and the degree of difference is marked.

Our thinking (not mass hypnosis, but thinking) is jelling into a similar pattern—and it must jell into that pattern if we are to survive.

Let's look at the three illustrations earlier cited of those who "still look to the past" for the answers (although there is nothing wrong with looking back, provided we use these examples as examples and not unchangeable formula); for it seems to me we have here three decidedly good illustrations of the type of change that is necessary, but which is a change completely compatible with our beliefs in our capitalistic system of free enterprise.

This is what I mean when I say we should "jell" a pattern of thinking:

BIG LABOR—Instead of raising the "survival against big business" cry, it is time for labor leaders to assume the roles of statesmanship, roles that have been automatically thrust upon them because of the tremendous number of people they lead, but roles which, unfortunately, have not been properly fulfilled. How best to assume these positions of responsibility to America? To honestly recognize that, first, this country does not intend to, nor will it turn over to these people, the industry and the economy of this nation. The economic system in which capital is invested for a fair return—as well as risk—will continue. Hindering this system can best be done by hindering management at every turn of the way. Helping it can best be done by recognizing that labor succeeds only if management succeeds and the country's success can only be ensured if both groups succeed.

BIG BUSINESS—Instead of trying to "shut out" the rest of the world, we must recognize that we are going to more and more live—and trade—with the rest of the world. Upon this assumption and the rejection of what I term "negative" thinking, the best brains of this country can be channeled into constructive ideas and programs which can help meet the trying days that lie ahead. I don't for a minute believe our great business community is gasping its last breath, but it can if we refuse to abandon the outmoded theories which simply are not applicable in an age that brings Paris within five hours of New York through jet transportation.

THE FARMER—The farmer is not the orphan of our society. A lot of people tell him that, but it's not so. And the quicker the prophets of gloom and doom recognize that American agriculture is vibrant and forging ahead as a result of some of the greatest technological advances in our history, our opportunities will again be enhanced as we start to pull together to achieve the same goal—

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Cleve. Mgr. For Goodbody & Co.

CLEVELAND, Ohio. — Paul Farmer, formerly of the New York office of Goodbody & Co., investment brokers, has been named manager of the company's Cleveland office, National City East Sixth Building, it was announced Jan. 16. Mr. Farmer succeeds Joseph Hartzmark who has relinquished management responsibilities and retired as a general partner, though he will remain with the firm.

Paul Farmer

Mr. Farmer, whose transfer becomes effective Jan. 16, brings to his new position a distinguished background in the investment and economic fields. A Phi Beta Kappa student, he graduated from Amherst in 1939, then went on to earn his master's degree and a doctorate in economics history at Columbia. He became an instructor at Colgate University in 1942 and a few years later moved to the University of Wisconsin as associate professor. By 1954, however, he had become so much interested in the securities field that he left his academic career to join the New England brokerage firm of Schirmer, Atherton & Company. Starting as a registered representative, he soon became a branch manager of the firm. In 1958 he joined Goodbody & Co., entering its main office as a specialist in put and call options. Goodbody, which is nationally known for its extensive investment research, is one of the oldest and largest stock and commodity brokerage firms in the United States. It has offices in 41 cities.

Joseph B. Binford, a partner in the firm of Goodbody & Co., who has been on temporary assignment to the Cleveland office, plans to return to the New York headquarters later this month.

Auchincloss, Parker Adds Two

WASHINGTON, D. C. — Auchincloss, Parker & Redpath, 1705 H St., N. W., members of the New York and Philadelphia-Baltimore Stock Exchanges, on Feb. 1 will admit Henley C. Hoge III and A. Peter Knoop to partnership. Mr. Knoop will make his headquarters at the firm's New York office, 2 Broadway.

Douglas V.-P. of Stewart, Miller

(Special to The Financial Chronicle)

CHICAGO, Ill. — William C. Douglas has been elected a Vice-President of Stewart, Miller & Co., Inc., 209 South La Salle St.

Steiner, Rouse Branch

Steiner, Rouse & Co., members of the New York Stock Exchange, have opened a branch office at 725 Third Ave., New York City, under the management of Edward G. Mirabella.

With Robert Kile

(Special to The Financial Chronicle)

DENVER, Colo.—Wesley R. Mahoney has joined the staff of Robert E. File, 4509 East Evans Street. He was formerly with Donald J. Hinkley & Co., Inc.

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not merely a prosperous agriculture, but a prosperous America.

What I am attempting to point out is that all of us—whether we be from the farm, the town, or the city, whether we are Democrats or Republicans, big businessmen or small merchants, big labor leaders or the local garage mechanic—must tackle the problems of the coming days with the broader view of doing what is best for our country.

We cannot afford the provinciality of seeking mere survival of our own economic ideas for our own particular economic group, for to do so means economic suicide, not only for business, but for all America.

What's ahead for business?

A great and growing America which will be good for all Americans, not merely the business community, PROVIDED we continue the mature growth of recognizing that the future demands an awareness of and practice of interdependence.

It is in this way, I believe, that we can avoid the one thing I think most of us fear, a decaying economy which will launch Federal programs of gigantic magnitude which in themselves will further destroy, rather than build our great country.

No pretense has been made here that there is a solution at hand for many of our problems, nor is any effort made to predict what lies ahead. I merely provide what I think are needed guidelines for the future, guidelines which can help all of us, in Congress, in government, and in the private sector, to confidently and forthrightly meet the challenges and tests which will confront us in 1961 as well as in the years to follow.

GEORGE A. NEWBURY

President, Manufacturers & Traders Trust Company, Buffalo, New York

Nineteen-sixty has brought us a stern reminder that there are some psychological factors bearing on our economy that can influence it to a major extent—also that business practices are subject to subtle changes.

A year ago we had sound reasons for believing that 1960 would prove a bettter than average business year. It hasn't. The reasons are fairly clear. The squeeze on profits which has become more pronounced in recent years has prompted businessmen to seek ways to counter it. One way rather universally adopted has been to tighten up on inventories. This was made easy for many—particularly those in the durable goods industries—by reason of the great expansion of productive capacity in the 1950's. During 1960 we have witnessed a major change in inventory practices—especially in durable goods businesses—that has exerted a definitely dampening influence on business activity.

George A. Newbury

In the psychological area the failure to realize excessively high hopes held in the last half of 1960 led to an excessive reaction pessimistically when they were not realized. It would also appear that business caution in an election year is not entirely out-moded—especially when there is a good chance of change in governmental philosophy at the top echelon.

Looking ahead it would seem that these factors have pretty well spent their force. The election is over and the change in basic governmental philosophy is likely to be less drastic than feared. Inventories can't be tightened much more. Even without inventory accumulations, buying may well be stepped up to meet current needs. In fact, shortened inventories may prove a more volatile factor in our economy than we realize. A reaction from undue pessimism in a year that saw our gross national product pass the $500 billion mark is well within the area of possibility.

It is also worthy of note that the stresses in the economy during the past year have turned up no fundamental weaknesses.

A change for the better would seem in prospect for 1961. It is not likely to take place in the first quarter. It might in the second. The third would probably be a better guess.

JOHN A. NORTH

President, Phoenix of Hartford Insurance Companies

At the moment it looks to me as though business in 1961 will witness increased inflation, an unbalanced federal budget, and a rash of new bills in Congress, the effect of which will be to take even more of the people's money from their paychecks. Demands for higher wages to meet higher costs of living will aggravate the inflationary spiral, for which the people will have only themselves to blame. Of course the impact of this situation on insurance companies like ours can be rather severe; thus it will call for unusual efforts to be put forth in order to obtain needed rate increases to offset the anticipated inflated claims which are bound to follow such an economic travesty.

John A. North

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JAMES F. OATES, JR.

Chairman, and President, The Equitable Life Assurance Society of the United States

Looking to 1961, my view about the direction of our economy is relatively optimistic despite the lack of enthusiasm in some circles. I do not believe that the present recession will last very much longer or go very deep. Inventory reductions have accounted for the bulk of the adjustments in the economy so far, and it is anticipated that such liquidations in the future will be moderate and should be completed by the second quarter of 1961. Encouraging is the fact that basic demand continues strong and consumer savings remain at high levels. During 1961 easier mortgage credit should stimulate housing starts, although there will, in my judgment, continue a moderate decline in capital spending for plant and equipment. Strengthening business activity will be rising state and local expenditures, increased consumer spending, and higher Federal expenditures now in the works. During 1961 our economists expect a Gross National Product at the annual rate of $503 billion on a seasonally adjusted basis during the first quarter which rate, they believe, will rise to the level of $524 billion by the fourth quarter. They further anticipate that the Federal Reserve Board index of industrial production will rise from a low of 102 in the second quarter to 111 by the fourth quarter of the year. Although long-term interest rates are expected to move moderately lower during the first few months of the year, it is believed that a year from now they will be higher than they are today.


James F. Oates, Jr.

Reflecting the impact of the 1960 downturn of the economy, estimated figures for the sale of "ordinary" life insurance during 1960 indicate only a nominal increase in production over 1959. In anticipation of a business upturn in 1961, we expect ordinary production to set new records this year.

Based on estimates made by the Life Insurance Association of America the assets of American Life Insurance companies at the end of 1961 reached a record total of $119.45 billion. At the Equitable we are particularly proud to report that the Society's assets passed the $10 billion mark during the past year. These assets represent the individual savings of millions of Americans, illustrating the role of life insurance companies as important thrift institutions. Our industry has a great responsibility to help encourage the accumulation of individual savings and channel such savings into productive investments. We thereby aid in America's growth. Furthermore, the payment of life insurance premiums is an anti-inflationary force which helps to preserve the value of all dollars and thereby to maintain a reasonably stable price level which is so essential to sound economic growth.

CHARLES F. NOYES

President, and Chairman of the Board, Charles F. Noyes Company, Inc.

I am certain that a few of the older and leading exponents of syndication of equities in New York City real estate feel that the market price of real estate has gone so high that today it is not possible with safety to pay the returns as are now advertised. Unfortunately, the type of buyer is attracted first by the idea that New York City real estate is the best of all investments and, when they are offered and see through an offering circular a fine looking apartment, office building, commercial building, hotel or even an attractive bowling alley, with a yearly income of 12% and upwards, they grasp at the opportunity to be one of the owners of such a wonderful building and obtain the large interest returns as advertised. It is too tempting to resist. The psychology and reason why the syndicators have been such a factor in the ability to attract money from small and large investors in certain cases is probably that a few of the men now in the field of syndication were men of high character and unusually able and well-trained by experience and ability in the real estate field. They started in the late 30's or early 40's when real estate values were depressed and the properties were rented at absurdly low figures and by increasing the rentals they, with their foresight and ability, could and did pay the 12% to those who furnished the equity money. Two of these men I have known over the years and while I have not discussed this statement with either (nor as a matter of fact with anyone) they are exceptionally able in the real estate field and leaders in the community.


Charles F. Noyes

These two gentlemen are fine citizens in every way, with well-earned reputations for ability, honesty and truthfulness. They have amassed fortunes and are leaders in civic, church and philanthropic matters. They would not knowingly do an injustice to anyone and I am going to discuss the subject with them and I will be surprised if they do not agree with my conclusions, one of which is that, with the expense of managing the real estate owned, **that not over 7% to 7½%** can be paid **on real estate equities** with safety, particularly if one considers that today it is difficult to purchase first-class real estate at the prices paid a few years ago and the cost of operating has greatly increased as well as real estate taxes.

My conclusions:

(1) Truly we never want to see the debacle in real estate which occurred in the early 30's when even the 6% mortgages that were sold to the public in good faith defaulted and where many owners of real estate that was mortgaged for even moderate amounts lost hundreds of millions of dollars.

(2) Properly regulated the new *Federal Real Estate Investment Trust Law* can be a wonderful vehicle for serving the class of investors who want to own an interest in well-located New York City real estate and obtain larger investment returns on their money than are available in other investment areas.

(3) Definitely I think this is a case where New York State legislation is necessary to protect the small and large investor in this popular and useful form of equity investment where the investors may purchase an interest in New York City real estate and receive the tax advantage by not paying a double income tax as is the case many times when securities, etc., are purchased, but will be taxed only once on their individual tax bracket. These advantages, however, should be subject to regulations carefully thought out, among which could be suggested:

(a) The equities sold should never be junior to a first mortgage greater than 65% or 70%, based on a conservative appraisal of the legitimate cost of the property.

(b) The rate of return to be allowed on the equity based on cost to be approved by the State of New York from time to time.

Failing to have these protective features I shudder for many reasons to think what may happen to New York City real estate at some future date.

ROBERT S. OELMAN

President, The National Cash Register Company

The outlook for the sale of business machines during 1961 is excellent, and I believe we can reasonably expect the industry as a whole to achieve a record high volume.

There are three major reasons for anticipating these results—the impact of new products, the steadily increasing need for automation of record-keeping, and improvement of the general economy as the year progresses.

In the realm of new products, the next 12 months will bring into fuller play the effects of the heavy research and development programs which the industry has undertaken. Our own company, for example, has invested approximately $60 million during the past five years in developing new and improved business machines and systems. As a result, our line of products is substantially broader than ever before in our history, ranging from small and relatively simple machines to large electronic data processing systems capable of automating the most complex record-keeping jobs in business, industry, and government.


Robert S. Oelman

In our case, much of this new equipment is aimed at the fields of retailing and banking, two industries which are now in a position to take tremendous strides toward automation as a result of technological breakthroughs. In effect, such developments are adding more depth to the traditional markets for business machines through further automation. Many of these new products can provide management with more complete operating information more quickly than ever before possible, offering benefits over and above their cost-saving capabilities.

Meanwhile, the need for further automation of record-keeping continues to grow in a most dynamic fashion. In retailing, for example, narrowing profit margins and price-conscious customers are necessitating more efficient methods of operation. The product which can save labor, reduce operating costs, and tighten control literally pays for itself in a relatively short time.

At the same time, the sheer volume of paperwork continues to expand without abatement. Our growing population, now comprised of 180 million people, originates a fantastic number of transactions each day—in retail stores, banks, service establishments, insurance companies, utilities, and local, state and Federal Governments. Each of these transactions involves making an original record and each record in some way affects additional records. Competitive pressures are encouraging the promotion of charge accounts, budget payment plans, credit cards, and many other devices to stimulate buying, all of which add to the record-keeping burden of the economy and the need for data processing.

Important gains have already been achieved in automating the mushrooming paperwork of commercial enterprise, but the rising volume has tended to offset these advances. There is only one avenue of relief—further automation. And there is every indication that business, industry, and government will be taking this road with increasing frequency in the year ahead.

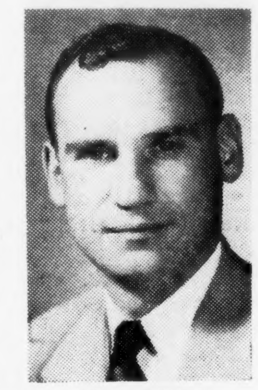
The overall economy, although still exhibiting soft spots, offers promise of expanding to higher levels during the next 12 months than those attained during 1960. This should complement the positive effects during 1961 of new products and the growing need for these products.

With product strength, broadening markets, and a generally favorable business climate, the business machine industry is viewing 1961 as a year of substantial opportunity.

M. G. O'NEIL

President, The General Tire & Rubber Company

The rubber industry's tire production in 1960 pushed over the 120-million unit mark for the first time in its history, but actually the shipment of 126.2 million units fell short of the forecast of the industry's statistical experts. A somewhat more realistic projection on the overall outlook points to a 1961 performance at least equal to 1960s, with the possibility of a record demand for automobile replacement tires plus a stronger truck tire market supporting the forecast.


M. G. O'Neil

It is estimated that automobile replacement tire demands will top the 70-million mark for the first time . . . and may do it substantially. In 1960, a record of nearly 68.5 million automobile tires was shipped to the replacement market by the industry.

The 1961 truck tire demand, which is unit-wise less than it was 10 years ago because of great technical developments in tire design and engineering, will be up in both original equipment and replacement tires as a result of the truck industry's increased tonnage.

As now projected, the demand for original equipment tires for automobiles will be less than in 1960, but if the nation's economy makes the expected marked recovery well before the end of 1961—and there are signs that it will—this picture could change quickly with a surge of new car orders.

With the compact cars, which represent about 30% of recent car production, coming into our replacement market, the dollar return will be somewhat less since the tires are smaller.

To meet its 1961 production, the industry will consume 1,560,000 long tons of new rubber, of which more than 70% will be synthetic rubber manufactured in the United States. This will be a new high penetration of synthetics into rubber consumption.

In reviewing the General Tire picture specifically, our diversification into plastics, chemicals, rockets and entertainment along with our rubber business, enabled us to register our greatest sales record in 1960 and to produce the company's second best earnings results.

All of our divisions have been strengthened for the competitive challenge of 1961 with new facilities and new products and there is a good possibility that they will show improved sales and earnings.

While it is obvious that there is no immediate business boom in the offing, the nation's economic future is assured with the built-in demands of an expanding population.

In addition, the excesses which usually retard our economy, such as overbalanced inventories, are not now prevailing.

One encouraging sign in the nation's economy now is the indication that the bottom in new orders may have been reached. This could signal the beginning of what should be an era of great growth—both for the rubber industry and the nation's other major industries.

HOWARD P. PARSHALL

President, Bank of the Commonwealth, Detroit, Mich.

It is the writer's observation that most of our economists in making their prognostications for 1960, which they made in late 1959 and very early 1960, were mostly wide of the mark. As I recall, most of us believed at the beginning of the year that 1960 would be a better year for business than it actually turned out to be.


Howard P. Parshall

Banks, generally, enjoyed a very good year from an earning standpoint in 1960. Although interest rates declined during the year, the carry-over of loans from the preceding higher rate era was sufficient to make bank earnings, generally I would guess, on the average 10% or more higher than 1959.

The Board of Governors of the Federal Reserve System has a considerable—no, I hardly think that is the word—they have a monumental task in endeavoring to keep our economy on an even keel. The writer has been critical of some of their moves in the past; not at their objectives, but in the manner in which they wielded their influence. At the close of 1959 or early 1960, the Board of Governors, due to economic conditions, decided upon a policy of easing of interest rates and, thereby, supplying more funds for credit. They did it very gradually and with less shock or disturbance to our economic pattern than formerly. They were also plagued with the outflow of gold from this country. We have our problems.

In this metropolitan area, we look for a decline in automobile production from 6.2 million units in 1960 to approximately 5.6 million units in 1961. In 1960, our Detroit area steel mills operated on an 81% of capacity basis, and in 1961 we look forward to a 75% of capacity basis. We are also looking for the number of people employed to be down somewhat from approximately 1,300,000 in our area in 1960 to 1,270,000 in 1961. Department store sales, using 1947 to 1949 as a base, we expect to operate at 138% of that base in 1961, compared with 141% in 1960; a slight decline. Retail sales 1960—$5,013,000,000; 1961 a slight decline to approximately $4,975,000,000. We are looking forward to a slight increase

in residential housing permits from 14,100 units in 1960 to 14,400 units in 1961. Non-residential construction should be about the same in 1961 as in 1960, perhaps a slight increase.

My information from which I deduced the above statements came from the Detroit Board of Commerce. I have found them over the years to be rather accurate.

We have had a complete change in the Executive Branch of our government, and the Congress has a large Democratic majority in both houses. During the campaign, it appeared that Mr. Kennedy would be quite liberal. His early cabinet appointments do not bear this out. The writer is hopeful that the President-elect's slim margin of plurality in the election, together with disturbing conditions in the world and the outflow of gold from our country will have a sobering and good effect on his administration, and his cabinet appointments appear to bear this out. Remember that we are operating on a high plateau of gross national production, over $500,000,000,000. 1961 should not decline too much from this figure.

Banks, generally will have a good year!

HON. WRIGHT PATMAN

U. S. Congressman From Texas

Chairman, Small Business of the House

The foremost problem of government in the Western world today, it seems to me, is to find a more rational arrangement for settling international balances of payments. It is absurd, in a way, that all economic policies in the Western world revolve around, and may be hamstrung by, gold—a relatively useless metal for which the space age seems to make little demand. Yet this is the case.

Hon. Wright Patman

To illustrate, there is fairly wide agreement that the U. S. economy, at the moment, needs a level of interest rates appropriate to a faster rate of investment, to stimulate the lagging economy, and, in any case, to modernize the Nation's capital equipment. If the Federal Reserve lowered interest rates, however, and thus widened the gap between rates here and in Western Europe, there would be a further flow of so-called "hot funds" to Europe and a further drain on our gold reserves. This problem is not ours alone; it directly affects programs and policies in which all countries of the Western world have a mutual interest.

It is sometimes said that the U. S. has become the "World's Banker," and there is much truth in this. Indeed, most foreign central banks use dollars to form a portion of their reserves, although there are now four of five other national currencies which are perfectly acceptable instruments for settling international payments.

Being the "World's Banker" means that the U. S. is in exactly the same position with reference to its foreign customers as a commercial bank is in respect to its domestic depositors. As in the case of the commercial bank, the dollar assets are mostly long-term, whereas the dollar liabilities are mostly short-term, payable on demand. Just as in the case of the commercial bank, the U. S. could not meet its demand obligations if all of the dollar holders, or even a large proportion, should all demand payment at once. Long-term assets could not be liquidated quickly enough to make immediate payment.

For 25 years now American citizens have not been able to convert their dollars to gold, and this experience has demonstrated that they would not have wished to do so if they could have. The dollar is good for the purchase of all kinds of goods and services. It is good, by law, for the payment of debts and taxes, which makes it more valuable than gold.

In truth, our practical experience with this matter runs for more than 25 years. During the past several centuries commercial bankers in the Western world have been creating money, not just against gold, but against all kinds of commodities and other real assets, such as productive machines, business inventories, and, in recent years, consumer durables. The results have been most fortunate for all concerned. Yet at no time in these several centuries has any Western nation had a quantity of gold—or a quantity of any other one commodity—sufficient to convert all of its money in circulation at the time.

In the settlement of international balances of payment, however, our Government is committed, as are many other governments, to settle in gold—to the full extent that foreign central banks choose to use their dollar holdings to buy gold. Normally, central bankers prefer to hold dollars rather than gold, because dollars draw interest and gold does not. But when foreign central banks decide to convert large amounts of dollars to gold, havoc can result. Even a mild "run," as the recent one has been, can decidedly interfere in a nation's internal economy. Purchases of our gold by foreign central banks can, of course, be calculated to this effect, as a defensive measure, for the following reasons.

Today every nation maintains a money supply, and a level of interest rates, which it considers appropriate at the moment for the state of its domestic economy. In consequence, the transfer of funds from one country to another results in no larger money supply in the one country or a lesser money supply in the other. When a U. S. national transfers funds to Europe, in order to take advantage of the higher interest rates there, the result is that the European economy now pays the U. S. national interest formerly paid to one of its own nationals, and a European central bank ends up holding the dollars, which it may either invest at the lower interest rate prevailing in the U. S. or use to purchase the Treasury's gold. Because the transfers of "hot funds" impose an unwanted cost on the recipient nation, several European countries have taken a variety of unilateral actions to discourage the flow of such from the U. S.

One type of action which foreign central banks could take is to step up their purchases of U. S. gold. This creates a threat that our gold reserves will be exhausted, or seriously impaired, and prevents the Federal Reserve from bringing about interest rates here substantially lower than those prevailing in Europe, a condition which causes the flow of "hot funds."

One suggestion which has been made for easing the problem is to amend the law requiring a 25% gold reserve behind the dollars in domestic circulation. This would free about $12 billion in gold to meet possible "runs," but it would not really solve the problem. Obviously, there is not enough gold in existence in the Western world to cover large-scale "runs" on gold reserves. Nor would it make practical sense to raise the price of gold and put more of the resources of the Western world into exploration and mining of this metal. Meanwhile, however, the U. S. economy is open to mischief-making, deliberate or otherwise, by our friends in the Western world; at other times, other national economies will be open to mischief-making by us; and all countries of the Western world are at all times open to mischief-making by the Russians. Another consideration is that the artificially high prices at which Western monetary authorities support gold make it possible for the Soviets to add to their capital equipment at a much faster pace than they otherwise could.

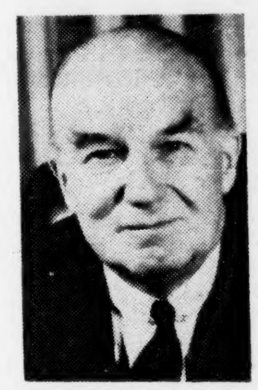
All of this means that the Western nations must find, through mutual agreement, means of decreasing their dependence on gold and thus making it less desirable for any nation to purchase Russian gold, which in effect gives the Soviets Western capital equipment in exchange for gold.

MOREHEAD PATTERSON

Chairman of the Board,

American Machine & Foundry Company

We expect to complete 1960 with the highest sales, rentals, and profits in the company's 60-year history and are anticipating an additional increase over these record figures in 1961. Economists have been predicting a downturn for the economy in the first half of 1961 and a comeback in the second half. Fortunately, two phases of our business should show an improvement in 1961 independent of these anticipated business conditions — bowling, because the thousands of Pinspotters installed last year will produce a full year's rental in 1961 while they produced rentals for only a fraction of last year, and defense work, because we will start 1961 with unfilled orders for defense work almost twice 1960's shipments.



Morehead Patterson

In 1961 rental income should exceed $80 million compared with $72 million in 1960 for Pinspotters, cigar making and pretzel making machines, tobacco stemmers and stitching machines. It is interesting to note that at the peak of the bowling season in 1961 our Pinspotter rentals should reach about $2,000,000 weekly.

Although we think that 1961 will be a good year for bowling, we do not believe that new bowling lane construction in 1961 can equal the approximately 23,500 new lanes built in the United States in 1960. However, since we rent rather than sell our Pinspotters, any downturn in new bowling lane construction would have little effect on AMF earnings.

The continuation of our increased profits from bowling is not dependent on sustaining the present rate of new bowling lane construction. If our rate of new installations fell to half or even less than half the present

Continued on page 82

Brown Mgmt Branch

HILO, Hawaii—The Brown Management Co. has opened a branch office at 106 Haili St. under the management of Hayato Tanaka.

Fred Cretors Branch

CARMEL, Ind. — Frederick T. Cretors & Co. has opened a branch office at 251 Second St., S. W. under the management of Clayton B. Voege.

Johnston Co. Branch

COLUMBUS, Ohio — Johnston & Co., Inc. has opened a branch office at 16 East Broad St. under the management of S. Brooks Johnston.

New Klugh Branch

CHARLESTON, S. C.—Klugh & Co., Inc. has opened a branch office at 18 Broad St. under the management of Porter Williams.

Now Mutual Fund Planning

BOSTON, Mass.—The firm name of North American Planning Corp. of New England, 40 Central St., has been changed to Mutual Fund Planning Corporation of New England.

Two With American Secs.

(Special to The Financial Chronicle)

CHARLOTTE, N. C. — Joel R. Abney, Jr. and Alan R. Rose have joined the staff of American Securities Co., Liberty Life Bldg.

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rate, we would continue to show an annual increase in rentals and the profits thereon because the rentals on new machines would simply be added to the rentals on machines already on lease. In other words, most of the profits on the more than 65,000 machines now in operation are ahead of us, not behind us, as they would be if we had sold the machines.

Aside from the United States market, we are now opening up a vast new world market for American-style automatic tenpin bowling that could be as great as or greater than the United States market. To date we have introduced this kind of bowling in 12 overseas countries. In many of these the games per day are running at a much higher rate than in comparable bowling centers in the United States. In England, for example, they are running as high as 70 games per day per lane, and in Australia 80 games per day, compared with an average of about 40 to 50 games in the United States.

Another encouraging part of the AMF outlook for the coming year is our defense business. We are in all three of the nation's major ICBM programs, building handling and launching equipment for the Titan, Atlas and Minuteman missiles. All our major government contracts are figured on a cost plus basis, so in view of our unfilled defense orders of more than $140,000,000 we seem reasonably assured of increased profits on defense work in 1961—all independent of general business conditions.

One other phase of AMF's business that makes us look forward to 1961 with optimism is our research and development work. In 1960 we spent about $11.3 million on research and development.

Out of our research and development laboratories we are hopeful that other products will come that will have the economic impact of our Automatic Pinspotters. During the coming year we expect to introduce new products that could have broad market potential in the fields of automatic machinery for industry, water desalinization, air transportation, and the oilfield equipment industries.

R. B. PAMPLIN

President, Georgia-Pacific Corp.

Tight money and high interest rates considerably slowed up housing starts during 1960. With the election of a new President, I feel sure some action will be taken immediately to relieve this situation by making more money available for housing and on a cheaper basis. Even though steps will be taken in this direction around the first of the year, it will probably be around the middle of the second quarter before we get much benefit from it. In the meantime, our business will probably continue on as it is today. We look for a good second half 1961 and a good 1962. Some people seem to think that housing has caught up somewhat, but this is not the case at all. There is plenty of need for new houses and demand for them, providing they can be financed on a satisfactory basis.

Robt. B. Pamplin

W. A. PATTERSON

President, United Air Lines

In contrast with the moderate activity which has been forecast for some industries, the outlook for air transportation is reassuring. The airlines are sensitive to the current business slowdown but higher traffic levels throughout most of 1961 should offset any severe effects.

W. A. Patterson

We anticipate an increase of 8 to 10% in domestic trunkline revenue passenger miles as a result of the growth factor and greater jet capacity. By the end of 1961 the present number of jetliners in scheduled service will have almost doubled. This time a year from now, for example, three-quarters of the total revenue passenger miles operated by United Air Lines will be jet flown.

Trunkline cargo ton miles are expected to increase by 8 to 10% —about the same as for revenue passenger miles. Air freight will continue to show the largest gains. The already vigorous growth of this branch of cargo service will be stimulated by substantial expansion of the lift available on jetliners.

Revenues will improve in line with larger traffic volumes and a full year's benefit of recent fare adjustments. This includes the 2½% plus $1 per ticket increase effective last July and the October increase in certain jet coach fares. In the case of United Air Lines, these adjustments are expected to add approximately $27 million to 1961 revenues. In spite of the outlook for higher revenues, earnings will depend on tighter-fisted control of costs.

As for United's operations specifically, we anticipate that the percentage increase in the company's traffic volumes will range well above the overall industry level. We forecast gains of about 15 to 20% in revenue passenger miles and a comparable rise in cargo ton miles. Eight DC-8s will be delivered to United in the first half of the year, completing our order for 40. We also will receive five more Boeing 720s, increasing the total to 18. Delivery of 20 Caravelles will begin before mid-year. This twin-engine jetliner has short haul capabilities as compared with the long-haul DC-8 and the mid-range Boeing 720.

The Civil Aeronautics Board moved constructively in 1960 by deciding that the measure of fair earnings for the industry should be based on rate of return on investment rather than on operating ratio. However, the application of this rate leaves areas of ambiguity so that future negotiations may be necessary to clarify its exact meaning. The reasonable overall return for the trunkline was set at approximately 10.5% over an extended period. Acting on this standard, the Board authorized highly necessary fare increases and equalized jet coach fares between prescribed points.

There are problems developing from the multiplicity of route awards. Markets that once provided an extra margin to counteract relatively light business at other areas have been divided and subdivided among the carriers. It was possible to maintain balance in serving both strong and weak markets but the former have been leaned down while the latter have not shown appreciable growth. The effects of excessive competition may become increasingly apparent in 1961.

Air transportation more than other industries is committed to expansion as a result of increased capacity and the productivity of jet aircraft. This could be a source of concern if the recession stretches out, but recovery is seen in the last half and the forecast for continued growth should be borne out in this second year of the jet age.

ROBERT PAXTON

President, General Electric Company

In looking forward to 1961, General Electric, like other companies, has attempted to make an appraisal of the business climate with an awareness that 1961 will be a year particularly responsive to political and international influences. Characteristically General Electric looks separately at each of its five broad market areas.

Robert Paxton

In the marketing area for housewares, major appliances, radio, television, high fidelity equipment and lamps, it is apparent that the general level of business available in 1961 will be unusually high. Consumer purchasing power is high and the public continues to be showing great interest in high quality products, particularly in the home entertainment fields. There will be great opportunity afforded for significant improvement in home, commercial, factory, and highway lighting with the product ready for the market and the response importantly dependent upon the marketing skill used. This same should be said broadly for the large and small appliances. As always, the weather will largely determine the opportunities in the air conditioning field. Product quality in the consumer goods area is at a new high; significant improvement in General Electric service has been accomplished, and 1961 will test our selling abilities.

Opportunities for orders for the United States for heavy apparatus will continue to be at good but not peak levels because of the existence of relatively large reserve generating capacities on the part of many electric utilities, a characteristically cyclic situation. The tendency of government agencies to purchase some of this equipment abroad will probably continue to disturb the market.

In the area of smaller apparatus products and appliance components, 1960 was one of the best years in our history, and it is believed that 1961 offers opportunity for still another record volume of activity.

In the defense areas of electronic, ship and flight propulsion equipments and components, heavily but not exclusively responsive to the stimulus of defense needs, the outlook is for a larger activity in 1961, but once again with a transfer of emphasis to the newer developments. Atomic powered naval ships, rockets, and satellites will probably have even greater emphasis.

Opportunities for exports will continue to be good, and companies like General Electric which have significant interests in manufacturing plants elsewhere in the world, will find business conditions generally excellent with opportunity continuing to assist in the industrial integration of many off-shore countries.

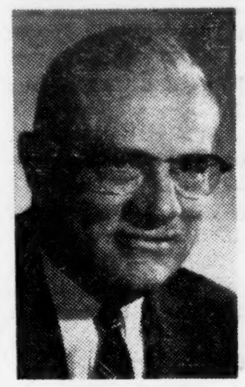
To a major extent, however, these challenging opportunities may be dissipated if the people of the United States and their leaders do not maintain and enhance the recent gains made in the fight against inflation.

The increasingly adverse balance of trade, the decline in our gold reserves, the inconsistent policies of the Federal Government which seeks to decrease defense dollar expenditures abroad while encouraging its own agencies to increase its purchases from offshore, leave a feeling of uncertainty. Presumably the new administration will be well aware of the sensitivity of the business climate to these influences, and it is hoped that the new leadership will be both statesmanlike and vigorous.

RALPH F. PEO

President, and Chairman, Houdaille Industries, Inc.

Nineteen-sixty-one will be a year of accelerated economic changes which points up opportunity for those managements which can sort out and cope with the new political and social forces which will bear on business and the markets it serves. Nineteen-sixty-one will also be a year in which managements will face a host of new problems stemming from foreign competition generated from both the free nations as well as those of the communist bloc.



Ralph F. Peo

Specifically, I view 1961 as possessing about the same "overall economic dimensions" as for the year closed. However, the forepart of the year will run under 1960 because I expect the present downward inventory adjustments to continue which further will retard production and add somewhat to unemployment. At the same time, many businessmen may, for psychological reasons, postpone plant and equipment spending already generally forecast $3 billion under the 1960 rate. This will not be the case at Houdaille because we are pyramiding much of capital spending for 1961 into the first two quarters to insure these productive benefits for the subsequent anticipated business improvement. Business profits will be squeezed owing to these continuing adjustments, coupled with competitive pressures on prices. However, while consumer psychology may be depressed, initially I believe their buying power will be sustained, owing to the various income sustaining cushions now built into our economy.

Industry by industry, as the foregoing adjustments run their course, business sentiment will improve as once again incoming orders exceed shipping rates. By mid-year, too, increased defense spending on the order of $4 billion and a step up in government, state and municipal expenditures will influence other sectors of our economy. While the promise of the '60s has been slow in showing in tangible form, I think the dynamic elements of increased population, formation of new families and communities as well as our basic desires for better living standards are still inherent in our economy. Hence, by year's end, I should expect our Gross National Product to be moving ahead nicely again and the year may approach the $515 billion figure. Later, some improvements in profits should show again provided the competitive months ahead are used wisely to reduce break-even points and to plan for the promise that the decade still holds. Thus, we at Houdaille expect to drive hard at every level of our diversified businesses during the year as I determined that our performance shall better the dimensions of the general economy of 1961.

ALFRED E. PERLMAN

President, New York Central System

Since the pace of industrial production determines in large measure the carloadings a railroad will carry, I have been closely watching the harbingers of the coming economic trend. Although 1961 will fall considerably short of a "boom year," I feel there will be a gradual upturn in business from present levels as the year progresses. On the final balance sheet, I would say that the economic output for all of 1961 will approximate the total output for the year just past.

Alfred E. Perlman

For the past six months, of course, we have been experiencing a gradual easing off from the business levels achieved during the first half of 1960. I can see nothing in the early months of 1961 that indicates any strong pick-up in our economic activity.

However, the factors causing this decline are temporary. A good deal of the slow-down in business can be attributed to extensive inventories on hand and to low production in the steel industry. As we move into next spring and especially as we continue into the fall, new production should be generated as current inventories reach depletion. Steel output, rising by an expected 25%, will certainly stimulate the entire economy. Activity in the automotive industry should improve too. Imported foreign cars which had posed a serious threat to the domestic market, are losing their competitive edge since the American-made compact car has been introduced.

As steel and other production accelerates, the New York Central itself should receive enough traffic to earn a fair profit for the year. For given sufficient traffic, we will be able to carry it more economically and more efficiently than ever before. During the last few years, we have invested over $300 million in a physical modernization program. Our four new electronic yards alone should quickly repay their original capital costs through savings they produce.

Equipped with these new facilities, we now aim to improve our service so that we may attract new customers and gain maximum advantage of our newly-reconstructed plant. Ths service improvement program ranks high on our priority list. In this connection we have inaugurated fast freight trains that cover their routes at passenger train speeds between our major cities. We also have placed in operation special equipment such as our Flexi-Van rail-highway freight containers. Flexi-

Van is one of the Central's brightest innovations, and we expect this business, much of it new to the rails, to continue to expand. Our rate-making is also being revised so that we can in every possible instance offer rates competitive with other forms of transportation. In this area, we are again seeking traffic volume by offering reduced rates to shippers who use our service frequently.

The economy of railoading, of course, is still clouded by the difficult tax and regulatory problems that must soon be resolved. However, with the uplift in the general economy coming later in 1961 and with our own improvements, I feel the outlook for the Central in 1961 will be reasonably bright.

T. S. PETERSEN

President, Standard Oil Company of California

America's domestic petroleum industry in the past year has taken significant strides toward meeting its most pressing problems—overcapacity and excessive stocks.

During 1960, crude and product inventories have been drawn down roughly 30 million barrels and are approaching manageable levels. Refinery runs have been set at reasonable levels consistent with demand, while crude production in prorated states has been held down — particularly in Texas — and thus enabled the industry to improve its stock position.


T. S. Petersen

Product prices have improved during the year and downward pressure on crude prices has eased. Total U. S. demand for petroleum increased some 2% in 1960 over 1959. This increase, together with the price improvement and various reductions in operating costs, meant increased profit for the year, more than 5% over 1959.

The foreign oil picture in 1960 was characterized by intense competition and explosive growth of demand—some 11% over 1959 in the Free Foreign world. Competition resulting from substantial surplus producing potential and the natural desire of both companies and countries to move their oil prevented any price improvement, even in the face of this strong growth. In fact, increased competition from Russia forced a small reduction in the price of foreign crude.

Looking ahead to 1961, the oil industry's view may well be one of cautious optimism. On the domestic front, the outlook for general business activity is only temporarily unfavorable, with a continuation of the present downward trend through Spring and recovery commencing in the latter half of the year.

However, the oil industry faces the prospect of this general economic slowdown from a different base than that preceding the earlier postwar recessions. In these prior situations excessive optimism, high utilization of refinery capacity and high stock levels were the order of the day, and large additions to capacity were undertaken. Such is not the situation in 1961. Inventory excesses are modest, refinery operating levels are still somewhat depressed, and little new capacity has been announced. Thus, even with the modest demand growth expected in 1961 (1 to 2% over 1960), refinery utilization will be improved, and inventories can be kept in hand. With these factors at work, profits can be expected to improve. As a result, the oil industry will probably feel the economic slowdown less than in prior years.

Capital investments by the industry in 1961 should equal or exceed the $6⅓ billion level reached in 1960. Drilling rates will doubtless improve over the relatively low rate of last year, and, though little additional refinery capacity will be brought on stream, plans will be made for expansion to meet the growth of following years.

In the Free Foreign petroleum market the strong growth of 1960 is expected to continue, although at a somewhat lower rate — 6 to 7% in 1961 over 1960. Although competition will increase as more North African crude comes on the market and Russia attempts to expand its market participation, the overall outlook is for moderately improved profits both to the producing countries and the operating companies.

R. A. PETERSON

President, Bank of Hawaii, Honolulu, Hawaii

Three closely related factors stand out as primary causes of the current decline: (1) the continued excess of capacity relative to the demand for consumer hard goods; (2) the resultant cutback in inventories and in corporate plans for new plant and equipment; and (3) the high level of unemployment.

Under these conditions, there will be a rising intensity of competition in banking this year.


R. A. Peterson

The recession should be relatively shallow. Because necessary economic adjustments were partially achieved before the decline in the volume of business — and because of the inherent strength of the economy, supported by a rapidly expanding population — recovery may well be evident before the end of this year.

Another basic factor affecting the 1961 financial outlook is the clear evidence of a weakening of the world confidence in the dollar. This underlines the necessity for recognizing the realities of our international position, and for prudent, forward-looking fiscal policies on the part of the new administration.

Banking during 1961 will be influenced to a more than normal degree by the fiscal policies of government.

The current temporary decline should not obscure the fact that the long-range need for financing will be sharply upward. New technical and scientific breakthroughs, together with our rapidly rising population, promise extraordinary business growth in the years ahead. This promise will not be realized, however, if a lack of financing is allowed to limit business growth.

In attempting to increase the volume of savings deposits—banks now face a widening and growing range of competitive activities. On the other hand, the future expansion of savings may be much greater than is generally realized. A brief examination of the distribution of family income in the United States will indicate that there is in prospect a massive movement into upper-middle income brackets—the category in which the bulk of savings is generated. To meet the demands that lie ahead, it will be necessary to not only retain but expand the banks' share of such savings.

The development of long-range policies that will provide creative financing for the business growth that lies ahead is the basic challenge facing American bankers today.

WALTER N. PLAUT

President and Chief Executive Officer
Lehn & Fink Products Corporation

There is every reason for confidence that 1961 will bring a progressively better climate to business—and to the cosmetic and proprietary drug fields.

The opening months of the new year may well continue some of the slow pace of late 1960. But the indications are that the economic trend will move upward as the year progresses and a good second half should make for an overall successful and healthy 1961 for the industry in which we operate.


Walter N. Plaut

In the face of rising costs and narrowing profit margins, however, it will take some belt-tightening and a watchful eye to accomplish this result.

Selling must hit harder. Merchandising and marketing must be more efficient. There must be continuing development of new products.

At Lehn & Fink we have enough confidence in the year ahead to pursue our expansion program and continue our acquisition plans and our research and development expenditures.

We hope to make further improvements in marketing efficiencies under plans which were started last year. At that time we made a major corporate organizational change to coordinate marketing activities for all of the corporation's consumer products. This change also was aimed at coordinating our long-range planning and integrating our marketing, research and new product development.

The coordination of marketing efforts has become increasingly necessary because of the essential similarity of our distribution outlets, products and selling policies.

This centralization also will assure the most effective use of the company's financial, physical and human assets and should be most helpful in contributing to our overall sales and profits for the consumer products division.

At Lehn & Fink we feel confident that both sales and earnings, which rose substantially during the fiscal year ended June 30, 1960, will further improve during the current fiscal year.

We manufacture disinfectants for hospital as well as home use, cosmetics and specialty skin care items, floor waxes, detergents and other sanitary maintenance products for commercial users.

As we added to our products, we acquired stable companies and during the last four years we have engaged in three acquisitions—the well known line of Ogilvie Sisters hair preparations in the fall of 1956; National Laboratories in the fall of 1957 and lines of hair rinses sold by Noreen, Inc., last August.

With the acquisition of Noreen we have accomplished our immediate purpose in the proprietary drug division and now we are headed toward diversification to strengthen the foundation of the company as we keep a weather eye out for further acquisitions.

We have been recording some fine business and financial records. We have been expanding at home and abroad. We seek further acquisitions.

We have faith and confidence in 1961.

FREDERIC A. POTTS

President, The Philadelphia National Bank,
Philadelphia, Pa.

As business activity leveled off in 1960, easier conditions appeared in the money market due, in large part, to Federal Reserve action. Open market operations were employed to provide reserve funds to member banks, thus enabling them to sharply reduce borrowings from Federal Reserve Banks. By December the system of member banks had aggregate net free reserves averaging over $600 million. This more comfortable reserve position meant that banks were better prepared to accommodate the credit requirements of business and consumers. The trend of money market forces in 1960 was reflected in a softening of the pattern of interest rates.


Frederic A. Potts

Although the money market eased last year, commercial banks in most areas of the country continued to experience strong loan demand. During the first six months loan outstandings of the banking system rose steeply, then remained at an expanded level as 1960 came to a close. Thus, the loan figures on the year-end balance sheets of most banks indicated that the demand for money continued undiminished.

To a considerable extent, the course of events in the money market in the year ahead will depend upon the trend of business activity. At present, it appears probable that the current hesitation in business will continue into the coming months, but there is reason to anticipate a moderate upturn sometime in mid-1961. The inventory adjustment which has been underway for sev-

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eral months should run its course and allow for some accumulation of stocks. While housing starts are a question mark, some quarters forecast a mild pickup in residential building in the second half of the year. Total construction expenditures, according to Department of Commerce estimates, will be 4% higher in 1961 than in 1960.

Recent surveys found businessmen planning to spend less this year on new plant and equipment than in 1960, but present indications are that the extent of the decline will be limited. Furthermore, reduced business capital expenditures should be more than offset by the higher Federal, State and local governmental outlays which appear to be on the horizon. Personal income and savings are at record levels and could support an increased volume of retail sales.

Should the current slack in business conditions continue, there is good possibility that bank loans to business will decline more than seasonally in the early months of this year. Looking further ahead, however, if we do get an upturn in the economy later in 1961, loan outstandings can be expected to climb and could readily break through to new highs. A continued rise in consumer credit would appear likely, although in the first six months the rate of increase may be somewhat less than in the same period of 1960. A sharp increase in mortgage indebtedness is not likely, and an ample volume of savings should be generated to meet mortgage demand. New corporate security issues may decline in response to reduced expenditures for new plant and equipment.

The Treasury was an important supplier of funds in the calendar year 1960 when it operated at a substantial cash surplus. This year, however, the Treasury may very well find itself incurring a cash deficit. Thus it would be a net user of funds, and its impact on the money market would be felt on the demand side.

WILLIAM J. QUINN

President, Chicago, Milwaukee, St. Paul and Pacific Railroad Company

The railroad industry, along with other sectors of the nation's economy, entered 1960 with high hopes, based on the favorable outlook for the resumption of an upswing in business following the settlement of the long steel strike. The Milwaukee Road, whose fortunes follow generally the pattern set by the entire business community, had similar expectations of a good business year.

William J. Quinn

However, as the year progressed, expected upswing failed to materialize and the railroads, the Milwaukee among them, experienced the effects of the general business decline. After several months of unprofitable operations, at mid-year, with the grain harvests picking up momentum, the earnings situation of the Milwaukee improved and continued to do so to the end of the year.

Carloadings of grain, which form a large percentage of the volume of freight carried by the Milwaukee, exceeded those of a year earlier as expected. However, the effects of the slump in construction affected another important part of the railroad's business, the transporting of forest products which continued to be substantially below those in the preceding year.

This depressant to the overall volume of carloadings, along with the adverse effects of a drop in loadings of other categories, including iron and steel which reflected the adverse production figures of the steel industry, helped hold the total of all carloadings of the Milwaukee at a level 7½% below that of 1959. These were important factors in reducing the total revenues and income of the railroad from those of the preceding year.

One of the bright spots, in addition to the increase in grain loadings during the past year, was the substantial increase in the volume of carloadings of automobiles, a diversion of business from the motor carriers. This was the result, to a great extent, of the expansion by the Milwaukee Road of its transcontinental auto piggybacking facilities.

The present level of general business activity does not portend an immediate improvement in carloadings for the railroad industry as a whole or for the Milwaukee Road. The view of economic forecasters that the economy will continue near the current level until about mid-year, when an upturn is expected, closely parallels the outlook for the rail industry.

The Milwaukee Road would share in a change for the better in the economy, and with the historical increase in grain loadings coming near the mid-year point, the situation will improve also for the Milwaukee Road at that time.

One example of the railroad's feeling of confidence in the future was the order for 750 box cars placed late in 1960. This came at a time when car builders were suffering from a lack of orders and enabled the Milwaukee to take advantage of current lower costs, having confidence in the future business trends to support its judgment.

Present indications are that, with good weather, moisture, and growing conditions, total 1961 crop production in the territory served by the Milwaukee Road will be about the same as in 1960, which would result in a high volume of grain to be carried by the Milwaukee. More cattle should be available for transporting by the railroad in 1961 and a 5% increase is indicated in the 1961 spring pig crop.

With an upsurge in industrial output and in construction later in the year, trends that are generally included in current economic forecasts, the carloadings of the Milwaukee Road should increase in 1961. These provide an optimistic outlook for increases in revenues and earnings in the year for the Milwaukee Road.

Strong spots in the general outlook for the economy in 1961 as listed by economic experts include an increase in consumer and government spending and a rise in residential building. The gross national product, the sum of all production of goods and services, is expected to increase $10 billion in 1961 from 1960. All these portend a better year overall than in the preceding year.

Even in a year of difficulty, the Milwaukee Road maintained a firm conviction that the future holds better things and in 1960 continued to equip itself with the tools to enable it to take advantage of the opportunities offered by a rising economy.

This took several forms. The railroad's 1961 improvement budget is $25,115,000 which includes an expenditure of about $7½ million for the 750 new box cars ordered.

Placed in operation in Bensenville, Ill., late in 1960 was the new spot repair facility of the railroad, a push-button operation which speeds freight car repairs, adding to its ability to serve its shippers better. Scheduled for delivery this spring are the first of an order for 40 new double-deck passenger cars for the railroad's suburban service.

If the Interstate Commerce Commission authorizes the discontinuance this spring of the Olympian Hiawatha, Trains No. 15 and 16, the Milwaukee Road will realize an annual saving on an out-of-pocket basis of more than $2½ million. Its proposal to end the runs of these transcontinental trains from Minneapolis to Seattle-Tacoma is in line with the railroad's policy of eliminating deficit passenger train operations which have resulted from a lack of public patronage.

Also, the new IBM electronic computer which will be the nerve center of an extensive electronic data processing system being established by the Milwaukee, will be installed in Chicago late in 1961. Carscope, the Milwaukee's freight car reporting center in Chicago, has expanded its operations.

Piggyback service, including Flexi-Van operations and advances in containerization concepts, increased greatly on the Milwaukee Road in 1960, both in volume and in variety of forms offered, and this expansion will continue in 1961. The road has increased its Flexi-Van fleet four times since the service was inaugurated two years ago, and in order to broaden piggyback service the road joined the national piggyback equipment pool of Trailer Train Company in 1960, as well as the North American Car Corporation's pool which provides piggyback cars.

These are among the advances being made by the Milwaukee to meet the challenges of the future. They will place the railroad on an even better footing to provide the best and most advanced service possible to its patrons.

HENRY H. RAND

President, International Shoe Company

As this is written, a few weeks ahead of publication, not all facets of current economic trends are sufficiently clear to make possible a clear cut analysis. Yet some things are beginning to drop into place.

Henry H. Rand

It is now rather generally accepted that May, 1960 was the peak of a production cycle. This peak had been reached some months sooner than most expected and before the economy had recovered as fully as in previous cycles.

In the five months following May, industrial activity dropped 3%. In the first five months following the 1957 peak, the drop was 9.7%, while in the first five months following the 1953 peak, the drop was 8.7%.

Thus, we can say, on the basis of information now available, that if this is a recession, up until now it is only about one-third as severe as the recessions of 1953-54 and 1957-58. As manufacturers of a non-durable commodity, shoes, we can also look to the past and note that consumer purchases of non-durable goods did not decline during either of these previous periods. In fact, non-durable goods spending has risen every year for the past decade. Therefore, there is no historical basis for pessimism regarding the retail phase of our business.

It is true that shoe retailers read the newspapers and tend to become overly-cautious regarding their own future. Hence, there has been some slowness in the placement of future orders.

Unfortunately recession or the threat of recession always seems to be more newsworthy, than prosperity. The psychological effect on retailers who hold up buying even though their own sales are good is an adverse side effect to the overdramatization of every weakness in the total economy.

The current slowness in the placement of orders by shoe retailers follows the pattern of 1954 and 1958. Yet in both of those years retail sales of shoes went up, thus consumer demand eventually forced the retailers back into more normal buying patterns. It looks as though early 1961 will follow that same pattern.

It would be difficult to assess just how much of every down-turn is rooted in a psychological base. Yet for the fourth time since the war, the manufacturers of non-durable goods have been faced with an inventory readjustment by the retailers they serve, while in none of those years has this reduction been justified by the trend of consumer demand.

The American economy has changed from a manufacturing to a marketing economy. Every distributive segment is therefore of increasing importance when compared with manufacturing segments. Yet we are slow to recognize the significance of these changes.

There is an obvious great need for growth in economic literacy, not only on the part of the press and the politician, but more particularly on the great army of the country's retailers. Theirs is the prohibitive job of interpreting the mass of economic data now available in the daily press in order to apply its meaning in the conduct of their business. Their job is made doubly difficult when politicians and the press disagree so decidedly on what is happening and what should be done about it.

JOHN R. RHAMSTINE

Executive Vice-President, Corn Products Company

I have a powerful respect for "general economic conditions" and the effect they have on a company's profit and loss statement. I am only too aware of the number of things over which an individual business has little or no control—money rates, manpower supply, availability of raw materials, political trends, foreign competition, and public moods.

John R. Rhamstine

But the state of an industry and of the economy as a whole is no more than the sum total of the conditions of its separate enterprises. And I am today more than ever impressed by the things a company can do to determine its own future. However national statistics and indices may rise and fall, however public moods may shift and veer, the company which is well put together and which acts promptly on situations as they are, rather than as they would wish them to be, can be confident of its long-term future. Realism, I believe, is the key to success.

I cannot claim to speak for any of the industries in which our company is engaged—the food industry, the sixty-some odd industries we supply with ingredient products, or the farm feed industry. In each, we and our competitors face very real problems. The food industry must face a hard squeeze on costs and prices, the industrial products business is threatened with rising foreign imports, the feed business with large supplies and low prices. How our competitors will meet these problems I don't know, but my company intends to face them as realistically as we know how.

We could idly wish our customers would be satisfied with fewer, more standardized products. Yet we know that in relatively prosperous times, as markets become increasingly competitive, buyers become more selective and more demanding of specialized products. So we are gearing our product lines to the individualized tastes of consumers and to the unique requirements of industrial customers.

We could also wish, futilely, for the return of the long-gone low cost era, to the days when it was not so expensive to experiment. But, even if we could, we should be unwilling to forfeit the many advantages of today's larger and more volatile economy. And we cannot afford not to experiment. We must direct our creativity to the paring of costs and to the better utilization of the superior resources we have today.

We intend to continue our capital expenditure program at the level of about $30 million a year, worldwide. Our plans call for expansion of production facilities both at home and abroad, and for the undertaking of some new ventures. Several promising new products are being readied for market and others, well tested, are about to move into expanded markets. We have every reason to believe that raw materials will be in ample supply, that our people are well placed and well equipped for their assignments, and that there will be plenty of customers for our output.

T. E. ROACH

President, Idaho Power Company

The Snake River Valley of southern Idaho and eastern Oregon will continue to enjoy a healthy economic growth in 1961—and Idaho Power Company will invest between $17,000,000 and $20,000,000 during 1961 in its continuing expansion program to pace the area's development.

T. E. Roach

Our electric service area, unlike centers of big manufacturing and mass employment, thrives on a diversified economy self-insulating against all but a major economic shakedown which would reach into every corner of the nation. This area's economy has a well-balanced base of irrigated agriculture, food processing, live-stock, lumbering, mining and manufacturing. In the past decade the area's economy has undergone a "quiet revolution" that has pushed manufacturing to the forefront and more than doubled its value. Spearheading the emergence of manufacturing has been the steady increase in potato processing, in which there now is a $30 million plant investment and an annual payroll of $15 million.

As a result of what has been described as "one of the most exciting local agricultural developments of the decade," 85% of the packaged or processed potatoes consumed in the U. S. this year come from Idaho plants.

The value of phosphate rock—some 60% of the national reserves are located in Idaho—handled in 1960 was an estimated $8.7 million, compared with $1 million in 1950. Several major electro-chemical plants producing

Canadian Exch. Names Hecht

MONTREAL, Canada—The President of the Montreal Stock Exchange and the Canadian Stock Exchange takes pleasure in announcing the appointment of Maurice R. Hecht as Vice-President, Statistics and Research.

Maurice R. Hecht

Prior to his appointment at the Exchanges, Mr. Hecht was editor of *Executive* magazine. He has been editor of *Canadian Metalworking* and *Canada Lumberman*, among other business journals, and has done extensive research of a statistical nature, including developing the business index of *Saturday Night* magazine.

In 1959 and 1960 he was a director of the Business Paper Editors Association and is presently a director of the Canadian Association of Investment Clubs.

Wm. Elliott to Be Barth Partner

LOS ANGELES, Calif.—On Feb. 1, William H. Elliott will become a partner in J. Barth & Co., members of the New York Stock Exchange.

William H. Elliott

Mr. Elliott will make his headquarters at the firm's Los Angeles office, 3323 Wilshire Boulevard, of which he is Trading Manager.

R. Gibson With Boettcher & Co.

(Special to The Financial Chronicle)

DENVER, Colo.—Richard D. Gibson has become associated with Boettcher & Co., 828 Seventeenth St., members of the New York Stock Exchange. Mr. Gibson was formerly Vice-President of William Street Sales, Inc.

E. D. Fox to Admit

E. D. Fox & Co., 61 Broadway, New York City, members of the New York Stock Exchange, on Feb. 1 will admit Elliott D. Fox, Jr. to partnership. Mr. Fox, a member of the Exchange, is a partner in Model, Roland & Stone.

Elliott D. Fox, general partner in E. D. Fox & Co., on Feb. 1 will become a limited partner.

Named Director

Lee P. Stock, general partner Paine, Webber, Jackson and Curtis, was named to the Board of Directors of McDonald's Corp., which operates 230 McDonald's drive-in restaurants in 31 states. His appointment was announced by Ray A. Kroc, Chairman of Board of Directors of McDonald's Corp.

elemental phosphorus for the food and drug industries have located in the state in the last decade. Today other nationally prominent chemical industries are actively considering the state for location of still more new plants. Recently a highly-regarded firm of security underwriters reported in an analysis of our area that "a number of factors lead to the conclusion that Idaho is on the threshold of an important industrial advance."

Electricity-use figures—a sound barometer for evaluating an area's economic course—point to continued sound economic health for the Snake River Valley. They show, first of all, that the valley has grown more percentagewise than any other area in the five-state Pacific Northwest during the past 18 years. During 1960, Idaho Power's customers used more than 3.9 billion kilowatt-hours of electricity at rates 35% below the national average. This compares with 1.4 billion in 1950 and 6.5 million kilowatt-hours in 1940. Average per-customer use of electricity on farms served by Idaho Power Company during 1960 was 9,240 kilowatt-hours—nearly double the national average and about five times the average use in the Snake River Valley 20 years ago.

In the last decade alone, Idaho Power has brought electric service to some 3,350 new irrigation pumps that have supplied water for the development of nearly 375,000 acres of land. With more than 2,000,000 acres of additional high-quality land still to be developed in the Snake River Valley, the company anticipates a continuing steady, healthy expansion of land development through irrigation pumping.

Idaho Power Company's confidence in the continuing growth and healthy economy of the Snake River Valley is reflected in the company's expansion of its electric service facilities. With over $300 million already invested in such facilities, we expect to invest another $260 million of venture capital during the next 10 years. Early in 1959, Idaho Power completed Brownlee Dam, largest of the 15 hydroelectric projects in the Company's system. Brownlee's 450,000-kilowatt output boosted our system capacity to 5½ times that of a decade ago. During 1961 we will complete our Oxbow hydroelectric project to add another 200,000 kilowatts. After that will come our 340,000-kilowatt Hells Canyon Dam, adding still more capacity to meet the ever-increasing electric requirements of our growing area. Expanding simultaneously is our network of transmission and distribution line and substations to deliver electricity from our interconnected power plants to customers throughout our service area, as well as to other utilities in the Northwest Power Pool.

The outlook for our business in 1961 is closely geared to the economy of our area. The soundness and versatility of our economy indicates a year of growth and business stability for 1961.

W. THOMAS RICE

President, Atlantic Coast Line Railroad

Technologically, the railroad industry has been rather quick to adopt new electronic and mechanical developments which increase efficiency, but even in this area the industry has been severely handicapped by its inability to make the tremendous capital investment which is so often required.

W. Thomas Rice

However, there are many areas open to the industry which offer opportunities for greater efficiency or productivity. Most of these areas must be related to long-range programs rather than to quick and easy gains.

Certainly a major problem area is the existence of outmoded regulations which affect the efficient operation of the railroad industry and hamper its ability to compete on a fair and equal basis with other modes of transportation. There should be a continuing program to correct this situation through enlightened public and legislative efforts. The railroad industry as a whole must step up its public relations program if it is to win back the good will and respect for the industry that was lost to other forms of transportation because of the lack of a strong, effective program for so many years.

An intensified program in the field of industrial development should play a major role in the plans of railroad management to increase the productivity of the industry through attracting more business to the railroads. This program not only increases traffic but places the railroads in a position of great importance to the continued growth and development of the country.

There must be a continual search for ways and means of eliminating duplicate services and facilities and wasteful competition within the industry. In this regard, the merger of parallel lines offers the greatest potential for increased efficiency through the greater utilization of trackage, facilities, equipment and personnel.

Coast Line's greatest action area at the present time is the vigorous pursuit of the proposed merger with the Seaboard Air Line railroad. Two years of intensive study by consulting engineers indicate that a $38.5 million annual savings will be realized in only five years. The end result will be a stronger and more financially stable railroad industry, providing better transportation service for the entire nation.

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Lerner & Co. Incorporates

BOSTON, Mass. — Announcement has been made that the business of Lerner & Co., 10 Post Office Square, established in 1939 will be continued as Lerner & Co, Inc. Officers are Louis C. Lerner, President; Jerome Coe, Vice-President; Lawrence H. Nathan, Vice-President and Clerk; and Myer E. Lerner, Treasurer.

Lerner & Co., Inc. has been admitted to associate membership in the American Stock Exchange.

Model, Roland To Admit Brodsky

Model, Roland & Stone, 120 Broadway, New York City, members of the New York Stock Exchange, on Feb. 1 will admit Irwin A. Brodsky to partnership. Mr. Brodsky is General Manager for the firm.

Sterling, Grace To Admit Partner

Sterling, Grace & Co., 50 Broad St., New York City, members of the New York Stock Exchange, on Feb. 1 will admit Robert A. Lebo to partnership.

Continued from page 85

HAROLD E. RIDER

President, The Fairfield County Trust Company

The first year of the new decade saw our economy establish a record level of output which in terms of Gross National Product was in excess of $500 billion. In spite of this notable achievement, 1960 also marked the end of the expansion phase of the business cycle which had been in effect since '57-'58 recession. Once again business spending for inventories demonstrated its "balance - wheel" role in our economy. It was the dominate factor in bringing about the readjustment which had been taking place during 1960.

Harold E. Rider

Most important indexes tell us that we are still in the declining phase of the business cycle. However, we feel that there is good basis to believe the decline will be terminated during 1961, and that with soundness of our economy unimpaired, we will be in a good position to move forward once again. Every major area of the economy's output, with the exception of business spending for capital goods and inventory, is expected to provide positive impetus during the coming year. The most important contributor to the growth of our national product in 1961 will be personal consumer expenditures. Although, all indications point to a substantial increase in total government spending, too.

The banking industry has just completed another excellent year. Although prevailing interest rates will be somewhat lower in 1961, operating results should not be significantly affected. We expect that the moderately lower return will, in great degree, be offset by increased earning assets. The great strides taken by the banks in automation and technological progress will help improve profit margins and act as an additional support to earnings. It is difficult to visualize a very substantial change in money rates in the immediate future with the International Balance of Payments dictating a higher rate and domestic conditions calling for easier money.

Although there are no insurmountable impediments to progress, it is wise to be alert to the economy's adverse factors as well as elements of strength. One factor, previously mentioned, is the nation's unfavorable balance of payments. Here we shall have to bring to bear our most astute financial, diplomatic and military minds to solve the threatening problem without loss of prestige to our great country or its economic system. Among the domestic issues, the unemployment level will demand most attention. The new Administration will be expected to act promptly to alleviate this condition but not sow the seeds of future inflation. The high level of housing vacancies probably is a warning that in spite of government action, the residential construction market will not live up to its reputation of providing a major contra-cyclical force as in the past postwar recessions. Nevertheless, we expect it to be a positive force adding as much as $1 billion to the nation's output.

We anticipate that in 1961 our economy will have corrected itself of the excesses which manifested themselves during 1960 and will be able to establish a new record level of output. As noted previously, the spending of business for both capital purposes and for inventory will probably be the only major component of our Gross National Product to exert a contractual force. We feel, however, that even here the decline will not be too great. In the area of plant and equipment spending, a contraction of around 7% would limit the decline to a little over $3 billion.

The inventory adjustment, which was the major factor in reversing the trend of the economy during 1960, appears to be largely completed. With inventory to sales ratios not historically high and final product demand holding at relatively high levels, the additional cutback in inventory should be limited to between $2 billion and $2½ billion. We expect the consumer to increase his expenditures by close to $10 billion, primarily for non-durables and services.

All areas of government spending appear slated to increase during 1961. The new Administration in Washington is committed to strengthen the defense effort. And when combined with steps being contemplated to alleviate the unemployment situation and stimulate the economy's rate of growth, the aggregate should provide about half of the $7 billion increase forecast for government expenditures this year. Nineteen sixty-one should also see a continuation of our favorable balance of trade with the increase of exports over imports contributing an additional $1 billion to the growth in Gross National Product.

In summary, the first part of 1961 will be spent in completing the adjustments which were begun in 1960, and the economy will probably find itself reversing the present downtrend around mid-year and ending the year at a much higher rate of activity than it has heretofore experienced. Gross National Product for the year as a whole could register a $10 billion increase over the 1960 level which would result in a final total of about $514 billion. We feel, however, that the level at which the nation is operating at the year-end will be even more significant than the year-end totals and will be indicative of a healthy and rapidly expanding economy.

We still have great faith in the economy's resilience and adapability to change. The present decade as it unfolds will provide us with tremendous opportunities for expansion in all areas of the economy. It is our belief that the natural workings of the laws of supply and demand combined with sound fiscal and monetary policies will put us in a position to benefit from these opportunities. We are not depressed by the failure of 1960 to live up to its expectations but contrarily are heartened by the apparent containment of inflation and the relatively moderate adjustments which were necessary to keep our free enterprise system sound. In our opinion, the basic factors at work in our economy indicate the justification for confidence and optimism in the future.

MARY G. ROEBLING

President, and Chairman of the Board, Trenton Trust Co., Trenton, N. J.

Again we attempt to draw apart the curtain that shields from the view of mankind the forces that will dominate the economic scene during 1961. Were we endowed with the mysteries of faultless forecasting, we would command the attention of a restless world; however, it is well to recognize the frailties of one who admits that certain influences, some natural and some man-made, could change the best of intelligent forecasts for the coming year.

Mary G. Roebling

In the Delaware Valley, with two great population centers at its terminals, with the Capitol City of Trenton midway between these metropolitan areas; with its economic growth becoming greater each year; with its tremendous movement of migration from cities to suburbs; with a building potential increasing to meet the growing needs of industrial expansion; with a consumer demand that is rising; with seaports that bring and send goods over the oceans of the world; with a labor market skilled and unskilled, geared to a growing manufacturing output; with ample financing institutions to care for the expansion of our market at home and abroad; with a net work of business associations, groups of conservative men and women to place the brakes on abuse of power; with a growing research climate that generates new things for our people and promotes successful marketing of goods with consumer credit ample, good wage standards, we can approach the year of 1961 with confidence.

Our fertile fields, our capable farmers, our food processing organizations, our excellent distribution centers, wholesale and retail, presage ample requirements in that sector of our economy.

Great steel mills rear their chimneys, belching the smoke of industry into the sky and indicating employment of contented skilled workmen whose purchasing power affects the banks of the Delaware River cities and the Capitol City of the State.

Rubber products, ceramics, chemicals and a host of other items find their way into the channels of trade, making up a satisfactory contribution to the total of the gross national product.

With the "Workshop of the World" adjoining us to the South, with the financial center of the Western Hemisphere at the head of the State, the Valley of the Delaware occupies a preferential position to benefit by the impulse created by the population growth, the increase in earnings of business and the personal income of its people; our banks and financial institutions are strong, their management sound, their response to the needs of industries and individuals excellent. I like to sum up the favorable conditions that surround the Delaware Valley of which the Trenton Area is an important part, by quoting from an article in *Fortune Magazine* some years ago, "The oldest industrial area in the United States has become the newest—The Delaware Valley is growing into one vast industrial complex."

The article continues: "The billion dollars being spent for growth in the Valley represents a spectacular vote of confidence in the area's vitality. Some $600,000,000 of this sum will be spent by industry for new plants and equipment."

Turning from the local scene to the national and international viewpoint of banking, the national picture for banking in the year ahead presents a series of plus and minus factors.

Total loans and discounts are rising to a point where close scrutiny is essential to a point of selectivity that can be readily misunderstood by some potential borrowers.

No one in our locality worthy of credit has been denied, as there is ample financing available—and this policy will be carried forward into 1961. Trust business will make great strides. Banking in general is in excellent order to enter a new year with confidence. Banking stocks will continue to find a favorable position in the eyes of the shrewd investor. Year-end statements bear out the stability of the American banking system. Its deposits are greater, its assets increasing, its profits satisfactory.

The ground will be broken for new financing by merger or new issues to the public as the good health of institutions demand it; savings will increase as the public pays off old debts, have increased personal income at their disposal, and are educated to the many forms of safe savings which are available.

International disturbances may upset the plans of many; the doctrines of a new Administration may change the whole fabric of taxation; spending for public works, national and international aid, and a multitude of Congressional bills, some of which could affect the banking system adversely. This is a great country, however, in a world of changes, but its fundamental strength lies in determined, capable men and women whose ability to lead is challenged at times, but finally a unity of purpose prevails and progress is made again.

When depressions, major or minor, last for several years, the final outcome has historically been the same—emergence into higher fields of accomplishment. As the year 1961 unfolds itself, adjustment will take place, heroic measures will be taken to check inflation, yet quietly and effectively leave business, and banking in particular, uninjured.

To my mind, the indicators in the Trenton Area of the Delaware Valley point to a leveling off process for the first few months of the new year. Then a stabilizing rise that could hardly be named as a robust increase of business; and, as the second quarter nears its end, a roundup of strength among the factors that make for a steadying of the economic forces and insure a safe and sane forward motion toward maximum capacity, reasonable assurance of employment, a careful review of indicated earnings, and a continuance of the savings of our people.

I do not believe we will see a recession or a boom in 1961. A new Congress may enact legislation spending Federal funds, but a cautious people will reject the philosophy of reckless spending for a virile nation whose gross national product is the greatest it has ever experienced; whose savings and other assets of its people run into almost unbelievable figures; whose income is the greatest in the nation's history; whose research into the realms of new things at lower costs will finally determine our future.

The Trenton Area of the Delaware Valley is in a most desirable position to participate in the normal functions of the nation's prosperity—miracles will not occur here, but the determination of our people to work and save will surmount obstacles that perhaps at this moment annoy us and limit the full enjoyment of our people. As the Delaware Valley goes, so goes the Nation.

KINSEY M. ROBINSON

Chairman of the Board, The Washington Water Power Company

The plus and minus signs in the political climate may change in the Pacific Northwest in the year ahead, but area growth will continue. A population climb amounting to some 30% in the next 10 years is anticipated, while consumer demand for electric power, which is always a good index, will probably increase by 500,000 kilowatts in 1961. To show how realistic is this growing demand for electric energy, four companies alone — Montana Power, Portland General, Pacific Power and Light, and Washington Water Power Company—must meet a 200,000-kilowatt firm energy load increase annually.

Kinsey M. Robinson

What is responsible for the ascending prosperity curve in the Pacific Northwest? If it is true that conditions in the aircraft, mining and forest-product groups largely account for past months of business decline, then what will revive business operation and employment in the year ahead?

For one thing, the generosity of Nature remains unchanged. The entire area is a "mother lode," supplying many natural resources, including clean water, fertile soil, lumber, one of the world's richest mining districts, and recreational possibilities that are without equal over the nation. And it would appear that so long as both local and national population continue to grow, and assuming that our living standards move up the ladder, and that humans must be clothed and entertained and fed, any slack in production today will be offset by accelerated activity tomorrow.

Take the lumber industry, for example. Because residential building declines in advance of the business cycle, due to higher cost of credit, the Pacific Northwest has reported fewer new housing starts in 1960 than in 1959. As the limiting factor of credit improves over the nation, lumber and plywood uses will again start to climb. It can hardly be otherwise. The same is true in other areas. Demand for livestock and dairy products, as well as minerals, has experienced only a temporary recession.

Considerable interest is often expressed in the political climate of the Pacific Northwest, which both historically and currently is often considered somewhat stormy. Many people were surprised to see several northwest states ballot for the more conservative of the two presidential candidates. A third attempt to form a PUD, or public utility district, in Asotin County, Washington, was defeated by 76% vote favoring the private utility. PUD commissioners running for office in Thurston County bowed to overwhelming public sentiment in favor of the candidate who was opposed to activating a dormant PUD. A proposal to establish municipal ownership in Portland, Oregon failed utterly. In Montana, public power candidates in a majority of instances experienced defeat. Indeed, regardless of how one looks at it, whether in the small community, or nationally, there has been no mandate for any further shift away from the American business system as we know it. It is comforting to note that even the stock market took little notice of potential changes affecting our business system. We put our faith in the unanswerable argument that under the private enterprise system, America is doing very well.

We are hopeful, therefore, that normal power development by private utilities in the Pacific Northwest can be continued. The proposed power agreement between Can-

ada and the United States, to my mind at least, is a long way from completion, and should not discourage sound local construction to take care of future power needs. Investor-owned utilities, which in 1959 totaled 5.2 million kilowatts, are estimated to reach approximately 11.7 million kilowatts by 1970. By 1980, the companies expect 21.3 million kilowatts—over four times their present capability.

Surely normal power development, with its contingent employment, the safeguard to national security, and the supplying of energy to meet local usage, which will not be met otherwise, is strong argument for moving ahead.

JAMES A. RYDER

Chairman and President, Ryder System, Inc.

The 1961 outlook for equipment leasing in general, and truck leasing in particular, is extremely favorable.

Although competition in this field has grown more intense in the past year, it has failed to saturate a market which is expanding by leaps and bounds.

James A. Ryder

The demand for leased vehicles has outstripped the availability of capital. Thus, the competitive advantage appears to lie with companies that are well financed and already in a position to provide nationwide service.

Past experience has shown that adverse economic conditions tend to stimulate interest in leasing. Hence, a turndown in the economy in the first half of 1961 is not to be feared in this rapidly growing industry.

Outlays for new equipment by leasing companies should increase substantially in 1961 over the preceding year. Credit has already begun to ease and it appears that borrowing costs will improve somewhat in 1961.

Ryder System will spend in the neighborhood of $58 million in 1961 for new trucks, trailers, cars, truck bodies, tires, fuel, lubricants and parts for both its trucking and leasing divisions. This would represent an increase of approximately 17% over 1960 outlays of $49.6 million.

Included in proposed 1961 purchases are 4,687 new trucks, truck bodies, and trailers, and 3,500 automobiles representing a total investment of approximately $31 million.

The year ahead will be a crucial one for the highway transportation industry.

The industry must either reduce its operating costs or increase its rates. Neither of these resorts can be easily accomplished in the face of expiring labor contracts with the aggressive Teamsters Union and a continuing rate war with the railroads.

The financial reports of many carriers—both rail and highway — are a clear indication of rising costs and declining rates.

Fortunately, there are encouraging signs which indicate that some of the industry's problems can be overcome in 1961 with resultant improvements in earnings.

Mergers and consolidations are making it possible for alert and soundly financed transportation companies to reduce expenses and improve service.

A degree of rate stabilization in the carrier field appears likely in 1961 as decisions are reached on major rate proceedings before the Interstate Commerce Commission.

Population growth and the trend toward regional self-sufficiency will benefit the trucking business as the movement of large quantities of raw materials continues to decrease and the comparatively short haul movement of manufactured products continues to increase.

A crackdown on illegal hauling begun by the Interstate Commerce Commission in 1960 should plug some of the leaks which have been draining revenue away from legitimate common carriers, and also help shippers.

Joint freight agreements between truck and air lines have led to faster, more economical service in 1960. Settlement of the piggyback rate dispute with the railroads would be beneficial for both highway and rail carriers in 1961.

F. W. ROTH

President, Gould-National Batteries, Inc.

In 10 years from 1950 to 1960, road vehicles in operation on the American highways increased from approximately 48 to 73 million units. A recent Federal survey indicates that an estimated 114 million motor vehicles will be on the road by 1976. The sale of replacement batteries will continue upward as the number of vehicles increase.

F. W. Roth

In most vehicles, the six volt battery is being replaced by a 12 volt battery at a higher price. The combined factor of more vehicles and higher unit prices will insure a rising trend in dollar sales for automotive lead-acid batteries.

An offset to these favorable factors is the fact that manufacturers have been making better batteries with longer lives. In 1950, there was one replacement battery sold for every two motor vehicles on the highway. In 1959, one storage battery was sold for each 2.6 motor vehicles on the highway. However, the net result will be continuing growth in sales and profits in the vehicle battery field.

Industrial storage batteries are built on the same general principles as automotive batteries but are designed for much greater capacity and much longer life. Consequently, their value is greater. They are used widely and provide motive and stationary power for all major industries. In material handling, a large proportion of the equipment is battery powered. The telephone companies and all the electric utilities are major users of industrial batteries. The change from steam to diesel locomotives by the railroads provided a large new market.

The industrial battery business during 1961 and thereafter has strong growth potential. A growing market will be fostered by the demand for equipment resulting from increasing mechanization and the use of electric power as well as the need for replacement units.

The long-life nickel cadmium battery which is finding increased uses is produced in two distinct types—the hermetically sealed and the open cell. The open type nickel cadmium battery competes with the lead-acid battery for many industrial and government uses. It has the advantage of longer life, less maintenance and better performance in extreme heat and cold. However, it is more expensive and therefore finds limited uses currently but will be used in increasing quantities in the near future.

The potential uses of the hermetically sealed rechargeable nickel cadmium batteries are enormous. They have enabled hundreds of companies to proceed with the design of cordless and portable appliances. The original cost will be higher than the conventional dry-cell but the economies resulting from longer life will quickly offset the higher original cost. Already, they are in mass production for portable, battery powered electric shavers, dictating machines, radios, flashlights, photo-flash equipment, electronic units and many other items. Large expansion in production is expected in 1961 and for some time to come.

Increased government purchases in 1961 will give impetus to the storage battery industry. Large orders for submarine batteries have been placed already. Very costly silver-zinc batteries will be purchased for use in torpedoes, rockets and missiles, where light weight and high power are required. Other glamour type and more costly batteries are also being designed by research teams.

Research and engineering activities are schedeuled to expand during 1961. The industry has the technical facilities and manpower to produce new portable and packaged storage battery power units required by the rapid pace of American industry and product development.

The year 1961 should be one of increasing sales and profits for the storage battery industry. A good growth rate in traditional product lines will continue. A rapid growth rate in the new storage battery types is already under way.

HON. LEVERETT SALTONSTALL

U. S. Senator From Massachusetts

In the past few years the United States has achieved unprecedented business and industrial prosperity, has built the most powerful peacetime military defense force in history, since 1952 kept her citizens out of armed conflict, and has steadily progressed on compelling problems of social need.

Hon. L. Saltonstall

We have proved that freedom and democracy can produce the highest standard of living in history, experienced by all her citizens. We have proved our willingness as a people to share our resources with the needy and underdeveloped nations on a huge scale. We have just provided the world with a striking example of American democracy in action by a hard-fought election campaign culminated by the free use of the secret ballot.

This performance, these qualities, provide a strong foundation to move forward to meet the demands of the year ahead. The past decade of solid physical and social growth gives great impetus and high potential for a strong, resilient, progressive America during 1961.

During 1961 the new Administration, the 87th Congress and the American people will face the continuing variety of grave problems which have beset the United States and the world virtually ever since the end of the Second World War. There will be no change in the basic

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tasks before us, but there will be changes in the personnel and in the approaches which are used to meet them.

I would say first that I consider it of paramount importance that our country face the year ahead with confidence—that our nation will be resolved to move ahead in a positive, hopeful way. On the one hand we cannot confuse complacency with confidence; on the other hand we must not equate self-defeatism with self-criticism.

Nineteen hundred and sixty-one will bring us new threats of tension and conflict in several areas of the world—the Caribbean, Central Africa, Berlin, Southeast Asia. We must guarantee the continuing strength of the NATO alliance while persuading our allies to bear a larger share of the burden. We must build trust towards us among the newly developing nations and their leaders. We must prove that we mean what we say, and that we will hold the line without closing the door to fruitful negotiation. The possibility of real progress in the cessation of nuclear testing and in disarmament will come to the fore again. Perhaps this is the most important avenue toward a just and lasting peace.

The slight drop in business in early 1961 should be followed by a steady rise in business opportunity as the year goes on. Domestically 1961 will bring new effects in the problems of minimum wage, housing and urban renewal, depressed areas, medical care for the aged. Moderate progress will probably be accomplished in some of these areas. Our hope is that any renewed vigor in the role of the Federal Government will be accompanied by increasing responsibility in the states, localities and individuals in these fields.

America has become the nation she is through building an organized society with strong emphasis on individual responsibility. The character of the United States and its future will be decided by the quality of moral vigor and determination in every one of us—her citizens.

DAVID SARNOFF

Chairman of the Board, Radio Corporation of America

In 1960 the Radio Corporation of America, like most major American industries, saw pressures on profits intensified. The generative forces by which the national economy is normally gauged did not move forward with the vigor anticipated by most economists as the year began.

David Sarnoff

Nevertheless, 1960 was in many ways the most significant and the most promising of the many years in which I have worked in electronics.

Superficially, the economic downturn of 1960 seemed to invalidate earlier forecasts of the "Soaring Sixties." Actually, in my view, 1960 insured that the decade ahead will soar even higher than the optimists of 1959 claimed and the pessimists of 1960 now disclaim. This belief rests on at least three developments which will influence greatly the shape of things to come during the rest of the decade:

(1) Research and technological innovation received recognition, and financial support, on a break-through scale from both private industry and the Federal Government. During 1960, a record of $13 billion went into research and development — about 2½% of all money spent in the United States; more research money was available in 1960 than in all the years from the Revolutionary War to World War II.

(2) The year marked a turning point in the exploration of space. The bridge between exploration for scientific purposes and exploration for practical purposes was successfully spanned. In the Tiros satellites for weather forecasts, in Transit for navigation, in Courier and Echo for communications, the **primary** goal was to add new dimensions to our ability to do new things here on earth.

(3) The pace of product innovation was enormously accelerated in 1960. In the United States, new products made their market debut at the rate of more than 25 daily. In RCA, four out of every five dollars of our record 1960 sales came from products that were researched and developed **after** World War II.

These elements of progress, in my judgment, are far more important than the temporary softness of the economy. I share the viewpoint of many economists that this softness will continue through the first half of 1961 and that an upturn will occur in the second half of the year. But the month in—month out fluctuations of the economic index must not obscure the underlying dynamism of research and technology.

There is an inevitable time gap between research and product introduction. The full impact of 1960's achievements, and those of even earlier years, will come later.

The explosive expansion of research was not ignited until the mid-1950's. Half of the $85 billion spent on research and development in the United States since Pearl Harbor has been spent in just the last four years.

The normal laboratory-to-market place cycle is about seven years, so we can reasonably look for new developments to become a dominant factor in the mid-Sixties. The flow of new products and processes will accelerate sharply, just as research itself has accelerated. There will be heavy capital investment for "tooling up" in many industries—not more of the old, but of new and revolutionary kinds of equipment, much of it electronic.

The automobile industry, as a result of today's research, is moving toward a truly automated mass-production factory—with automatic machining, assembly and testing all controlled by electronic computers. The steel industry is counting on continuous automated casting as the base for its ambitious growth program in the Sixties.

Research, in its simplified definition, is the distance between the problem and the answer. The challenge facing us all is to continue to reduce that distance.

During 1960, RCA invested more money than ever before in developmental work, for the product thrusts of the future. Again, in 1961, we plan to invest heavily because we believe this is the only way we can continue to move along the crest of industry leadership.

As one whose professional life spans that of this industry, I can testify that research and product pioneer-account, in primary measure, for the growth of RCA from $1 million to approximately $1½ billion a year. And I believe that the products of research—those in being now and those yet to come—will double RCA's sales volume before the 60's end.

In the past five years, RCA has applied substantial resources to the areas of color television, semi-conductors and computers—all the latest products of electronics. These investments have strengthened our base for increased profits in the near future. Furthermore, bringing these new developments to the market place has enabled us not only to maintain but to increase employment in our organization.

I agree with Dr. Harrison Brown of the California Institute of Technology that "never before in history has society changed as rapidly as it is changing today." The nearest parallel in speed of change, he writes, "occurred about 7,000 years ago when our primitive food-gathering ancestors learned that they could cultivate plants and domesticate animals."

The advances coming in every sector of science—and especially in the young science of electronics—presage a new era of discovery that can give an unprecedented lift to our economy.

I am confident that RCA will make more product innovations and more scientific contributions in the decade ahead than at any time in its history.

I firmly believe that the prospects for the future are as vast as the reach of man's inquiring mind and his creative imagination.

STUART T. SAUNDERS

President, Norfolk and Western Railway Company

While business activity should remain at relatively high levels in 1961, the recessionary trend in the economy that developed in 1960 may continue well into the year, particularly in the steel and durable goods industries. This points up the fact that greatly expanded industrial capacity, both here and abroad, has intensified competition and depressed profit margins.

Stuart T. Saunders

For the first time since World War II, we are experiencing a buyers' market, in which the ingenuity and resourcefulnes of businessmen are being severely tested. In this kind of business environment, it is essential that everything possible be done to increase productivity through improving plant and equipment, modernizing work methods, and cutting costs wherever possible. This is particularly important for the railroads, which have not held their own in the transportation field in recent years and which handled less traffic in 1960 than in 1959.

On the Norfolk and Western, we are continuing our program for increasing efficiency and improving service to shippers. Since the end of World War II, we have spent over $613 million on capital improvements, including almost $40 million last year. As a result of these expenditures, we now have a modern fleet of 531 diesel locomotives and some 80,000 freight cars, which is more freight cars per mile of line than any other major American railroad. Our cars, which are being acquired at a rate of over 2,300 a year, include, in addition to open-top hopper cars, many special purpose cars, such as gondolas with V-shaped racks for handling coils of steel, flatcars with ends designed for easy handling of plasterboard, boxcars with steel racks for automobile transmissions, and special flatcars for pulpwood and lumber.

In addition to improving plant and equipment, we have launched an intensve campagin to expand our merchandise traffic by attracting new industries to our six-state area of Virginia, West Virginia, Ohio, Kentucky, Maryland, and North Carolina. The Fantus Area Research organization in conducting for the N&W the most comprehensive plant location survey ever undertaken for an American railroad. Fantus has assisted in locating throughout the country more than 1,800 industries employing more than a million people, and its study of our area is expected to be a major factor in attracting industry.

In late 1959, we merged with the Virginian Railway, which paralleled our line from Norfolk to the coal fields where it served a different area. This merger made the N&W the nation's largest originator of bituminous coal and is expected to result in ultimate savings of at least $12 million a year before taxes.

We have now reached agreement for a merger with the New York, Chicago and St. Louis Railroad (the Nickel Plate) and a long-term lease of the Wabash Railroad, which we expect to present to the Interstate Commerce Commission in the near future. Such a combination holds exciting prospects for the elimination of duplicating facilities and the realization of the economies inherent in large-scale operations and longer single-line hauls. Ultimate savings are estimated at $25 million before taxes.

In addition, these acquisitions would extend our system into the heart of the industrial Midwest and enable us to realize our long-term goal of merchandise revenue equal to coal revenues.

H. F. SCHOON

President, Atlantic Gulf & Pacific Co.

The outlook for the dredging industry for 1961 depends largely, as always, on the amount of the annual appropriations voted by Congress for harbor and channel improvements.

H. F. Schoon

In June 1959 Senator Robert S. Kerr, Chairman, Select Committee on National Resources, requested through the Secretary of the Army, a report from the Corps of Engineers with respect to inland waterways in relation to the overall development of the water resources of the nation. The report was delivered in May 1960. One section points out that there are 1354 miles of inland waterways already authorized, estimated to cost $844 million; that possible new waterways, not authorized, total some 1716 miles at an estimated cost of $2,689,000,000; that about 35% of the present commercial system has a depth of less than 9 feet, while it is generally considered that at least 9 feet is required for efficient use of modern towboats and barges; that over one-third of the present system, it may be said, is antiquated by today's standards. The report deals only with inland waterways; i. e., rivers, canals, channels. It is equally true that a large number of harbors and anchorages have also become inadequate, indicating a great future volume of dredging in that direction.

The dredging industry suffers from lack of drama: most of the work is beneath the surface, not visible, nor in the public eye. A towering building pierces the sky. A majestic bridge stretches across a great river. A mammoth dam holds back a sea of dangerous or useful water. Such structures are seen, pictured, talked about. On the contrary, an important channel or harbor improvement can be completed with the water surface appearing as always. Only those intimately connected with the projects know what was done; only a few know about their benefits; the public is almost wholly ignorant of them. As a consequence; such improvements lack the widespread support that their worth entitles them to. Thus, useful harbors and channels are developed with great benefits to the people and largely without their knowledge.

Every waterway improvement is both a local and a national asset. When under way they furnish employment and purchasing power, both locally and in varied and far reaching other directions. When completed, they are wealth producing assets and great helps to the general welfare. And no other federal expenditure gets closer scrutiny. Moreover, almost all improvement projects are initiated by local interests seeking to improve their communities or areas and to accelerate civic development.

It is our hope that the incoming administration will provide for waterway improvements in a measure which will enable them to keep pace with other national growth, strengthen the national transportation system, and make it possible for the industry to keep its employees busy and its plant reasonably active.

NORMAN SCHWARTZ

President, D W G Cigar Corporation

Having continued its comeback trend during the year just past, the cigar industry looks forward to another year of opportunity and growth in 1961. This was the sixth consecutive year in which the industry registered a sales gain over the previous year.

Norman Schwartz

This progress was made at a time when many businesses were suffering losses, and the national economy was in recession. In view of this and other favorable factors, there is considerable optimism in the industry, at this time, that the trend to cigar smoking is gaining momentum, and will continue steadily in the years ahead.

There are a number of things that encourage this viewpoint. First, we are gaining new smokers at a growing rate, and many of these are young men. This switch to cigars by the younger generation of smokers has caused tremendous gains in the sales of five-cent Cigarillos and other smaller cigars.

It is felt that many of these small-cigar smokers will graduate to the traditional larger cigars as time goes on. The industry has been wise in keeping the quality of the little smokes high. This will serve to acquaint young men with the satisfaction and enjoyment to be found in smoking a good cigar, and pay off in future sales of larger cigars.

The cigar industry has been very successful in holding the price line and sustaining quality during the past 10 years. Much of this has been done through money-saving technical advances—new automatic machinery, processing developments, new packaging that further protects cigar freshness and distribution improvements.

Like other industries, the cigar business faced, and will continue to encounter increases in manufacturing, material and distribution costs.

Unlike most other industries, cigars have been hard hit by discriminatory taxes in some states. These were

the so-called "emergency" taxes, and were enacted on a temporary basis. We hope that the states will soon rescind them. Both Michigan, where this special tax now is 20% and in New York, where it is 15%, indicate that they soon will do away with this unfair tax burden on cigars. Cigar sales in both Michigan and New York have slumped because of this taxation, and, of course, did not contribute to the national upward trend. Both states contain large numbers of cigar smokers.

Adoption of modern merchandising techniques, and increased advertising, have been very rewarding to the industry in the last few years.

I feel that one big industry job to be done in 1961 is with our retailers. There is a growing awareness in retail circles that a cigar boom is underway, but retailers are not fully cognizant of their opportunities and so are not benefiting to the fullest. For years retailers regarded cigars as a service item—something stocked to please a limited number of customers, and on which they realized little profit.

This picture has changed completely. Today, cigars are one of the most profitable items to a store that handles them. Mark-up is above average, turnover is excellent and improving and cigars are becoming more and more important as store traffic builders. This is the thinking that manufacturers and jobbers must impress upon the retailer in 1961. If they do this job well, the cigar growth pattern will be more pronounced at the end of 1961.

EARL B. SCHWULST

President, The Bowery Savings Bank, New York, N. Y.

The year 1961 will be one of the most successful years for mutual savings banks since the end of World War II. The business of savings banks is to promote thrift, and deposits in savings banks should increase by over $2 billion in the coming year—falling just short of the postwar record increase of $2.3 billion experienced by savings banks in 1958.

Earl B. Schwulst

The favorable inflow of funds should be shared by other thrift media. And the aggregate of new mortgage funds available should be ample to meet home building requirements for first time since 1945.

This, I think, should be a source of great satisfaction to us. For it means that at long last very substantial inroads have been made in the tremendous dearth of housing which built-up over the depression and war years. It means that at long last a higher priority may be given to other capital projects which in the long run are just as important as housing to the continued improvement in the well-being of our people.

I have in mind in particular the traditional capital projects of local governments such as schools and hospitals as well as the plant and equipment acquisitions of private business enterprise. Such useful projects already postponed too long because of inadequate savings — will hopefully see the light of day soon. Because of prospective slackness in the economy in general, at least through the first half of 1961, an increase in plant and equipment acquisitions would be especially welcome now. All evidence is that the rate of increase in business and educational plant and facilities must increase substantially if our economy is to experience vigorous economic growth in the years ahead.

With the aid of hindsight, we can see today that a year ago most of us were far too bullish about business prospects for 1960. The two hobgoblins for 1961 are our unemployment problem and the deficit in our balance of payments on current account. The dangers are that we shall continue to be too complacent about unemployment, and that we shall over-react to the gold outflow.

On the unemployment front, the number of jobless has been too high since the end of 1957. Throughout most of 1960, unemployment on a seasonally adjusted basis averaged between 5½% and 6½% — about 2% more than we should consider normal. The prospects are that this figure will be even higher during the first quarter of 1961. The loss to the nation and the loss to the persons directly concerned cannot be excused as a necessary evil to preserve price stability. We want price stability. We should have price stability. But we must obtain it in a more humane and less costly way. That way is to obtain more effective competition in both product and labor markets through a more vigorous anti-trust policy.

On the gold front it is significant that in every year since 1950, except 1957, the deficit in our balance of payments on current account has resulted in a large accumulation of gold and U. S. dollar reserves by the rest of the world. During the period the short-term liabilities to foreigners reported by banks in the United States increased from about $9,300 million to $21,300 million; and our monetary gold stock fell from $22,820 million to just under $18,000 million. Our gold loss in the past three years alone has been $4.5 billion. This has led the faint of heart to recommend a whole host of emergency measures including devaluation of the dollar, imposition of far-reaching foreign exchange controls, forced repatriation of American overseas investments, and a rather drastic cutback in our overseas military and economic aid programs.

Inasmuch as the adoption of such proposals would deal a staggering blow to our efforts to foster growth and political democracy in the underdeveloped countries as well as to our efforts to promote a large volume of free multilateral trade and capital movements in general, I think it is only fair to characterize such proposals as contrary to our humanitarian, political and economic interests, as well as self-defeating.

You may infer from this that in my view our gold situation is not critical. This is true—serious, but not critical. Indeed, I should argue that our balance of payments problem is temporary—not long-run.

Concomitant with our gold outflow has been a very substantial improvement in the distribution of international monetary reserves. External convertibility of currencies has been restored for a significant portion of the free world, trade restrictions—especially on U. S. exports—have been sharply reduced; the freedom of capital movements has been substantially increased. All of these phenomena augur well for a continued improvement in our export position. Our current export surplus on a seasonally adjusted annual basis is already up to almost $5 billion, and I for one expect that it will hold near this rate and perhaps increase modestly in the years to come.

Concomitant with our foreign aid program there has been a rapid recovery in Western Europe to a point where she is once again in a position to become a major exporter of long-term capital. Indeed, given the savings capacity of Western Europe and given her relatively low rate of population growth, it is not at all unlikely that Western Europe will soon become a major exporter of long-term capital not only to the underdeveloped areas but to the United States as well with corresponding benefits to the current account section of our balance of payments.

In the light of these favorable trends it would appear the height of folly to embark upon a course which would seriously jeopardize the very solid achievements already made in international monetary affairs. We should be far better advised to adhere to the course already outlined by the outgoing Administration. Our allies have a demonstrated ability and indicated willingness to play a greater role in the economic and military build-up of the Free World. Our industries are already expanding their export trade, and given the assistance of government through improved trade information and guarantees against political and exchange risk they should be able to expand U. S. exports to an even higher level.

In the interim, while gold is still "leaving our shores," we should take certain measures giving temporary relief including the simultaneous removal of the 4¼% ceiling on new Treasury issues over five years and the archaic 25% gold reserve requirement on Federal Reserve notes and deposits. We should also explore the feasibility of paying for a part of our overseas economic and military programs in local currencies obtained in exchange for U. S. dollars at the IMF in geographic areas where U. S. dollars are in surplus as in West Germany. The effect of these moves would be to make the threat of a run on the dollar even more remote than it is, and to free the Federal Reserve to pursue a more vigorous anti-recession policy relatively less inhibited by fears of an adverse effect on our balance of payments position.

HON. HUGH SCOTT

U. S. Senator From Pennsylvania

The United States will have a new President in the White House on January 20. Upon that predicate, all forecasting must be a mixture of varying amounts of what we know and what we cannot possibly know, of hopes, fears and cautious assumptions.

Hon. Hugh Scott

We know that many of those whom President-elect Kennedy has designated for top government positions are people of high ability and good qualifications for the posts they will assume. But how well they can agree with one another to implement the objectives of the Kennedy Administration is something that only time will tell. Consider the foreign policy situation. The President-elect campaigned on a platform promising changes in personnel and attitudes. The top three men he named for foreign policy — Dean Rusk, Chester Bowles and Adlai Stevenson—have indicated differences of opinion on how and what they would change. While this is not a unique situation in government, the international situation today is so tense that we must hope for the greatest unity and decisiveness in the conduct of our foreign policy. Whose views will prevail? Will the President be referee or will he be his own Secretary of State, in actuality?

We know that the new President will recommend bills in several fields, some of which need new legislation—for instance, distressed economic areas, health insurance for the aged, and aid to education. But we cannot say now how the political divisions in Congress—or indeed how the divisions within the President-elect's own party—will affect passage of those bills. If the new President asks for what he promised, he will not be too surprised to get less than he asks for.

We also know that Senator Kennedy was elected with less than a majority of the popular vote. From the standpoint of national unity, this qualified mandate is more than an academic issue. President Eisenhower, although he often "walked softly," carried with him the big stick of popular support and confidence in his judgment which he could and did use when it was needed. President-elect Kennedy will have to make a more conscious effort to "rally" that support. Therefore, in spite of the fact that a majority in Congress will be of Senator Kennedy's political Party, there may very well be at times, more basic conflict between the Executive and Legislative branches of government than there has been in the recent past.

Although I can only speculate about the probable course of action of the Kennedy Administration, as a Republican I can speak with somewhat more authority about the role of my party.

What are the responsibilities of the Republican Party as the "loyal opposition"? Our loyalty is to the Republic and to its people and so we must give President-elect Kennedy every chance to present and to develop his program. Where we in Congress can support it, we should do so with good heart. I do not believe that

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responsible government should rest upon bloc manipulation, nor do I believe in opposition for no better reason than obstruction. Detour signs are customarily erected to indicate that improvements are in progress. Political detours should be necessary only for equally good reasons.

Wherever we Republicans believe that the people's interests are not being served, we have a duty to register our opposition and to do so vigorously. Vice-President Nixon received almost exactly one-half of the popular vote. Republicans gained modestly in the U. S. Senate and substantially in the House of Representatives. So although the Democratic Party retains control of Congress, the voice of the Republican Party will be strong. We intend that it shall be constructive and affirmative as well.

ROBERT S. SOLINSKY

Chairman of the Board, National Can Corporation

Can manufacturing will continue to be one of the nation's growing industries during the coming years.

The first objective of any business must be serving the needs of the market. The market for rigid metal containers is increasing and will continue to increase. There is a demand for our product which ties in with the rise in population, which is natural and normal. More important than the growth in population is the higher rate per capita demand for the convenience offered by canned foods and goods. In foods alone, during the past 15 years, the per capita yearly consumption of can products has increased more than 45%, or about 3% a year.

Robert S. Solinsky

The accomplishments made by can manufacturers in the field of research reveal more uses for cans, better and less expensive cans using new materials and techniques, and more efficient canning processes, which will result in increased consumption of cans by present can users, and potential can users.

The new plants we have added testify to our faith in this growth. (National Can opened plants in Vancouver and Yakima, Wash., and Hanover, Pa., in 1960, which brings to 19 the number now in operation. Another is under construction in Edison Township, N. J.) They have been established in keeping with our policy of locating manufacturing plants in areas of concentrated demand, for better service and lower cost to volume users of cans.

While a substantial portion of our sales increase came from new plants, much of the increase came from additional participation in the requirements of our regular customers.

We are striving to develop new markets and create improved containers for new and established products, as is the entire can manufacturing industry. Past trends and current developments promise continued expansion of the can manufacturing industry.

MERRILL E. SHOUP

President, Holly Sugar Corporation

There appears to be nothing in the general national economic outlook which suggests any substantial adverse effect on production or marketing by the beet sugar industry in 1961. The outlook for this industry next year is affected more by the special circumstances mentioned below than by the factors which will affect industry generally.

Merrill E. Shoup

From 1960-crop sugar beets the industry has had record sugar production, most of which will be marketed during 1961. The crop in the Rocky Mountain region, a major producing area, has been of exceptionally good quality, with consequent benefits to production costs. Largely as a consequence of the Cuban situation, Federal controls on 1961-crop acreage of sugar beets, most of which will be processed in the fall of 1961, have been lifted, and the prospect is for some increase, possibly as much as 10%, in 1961-crop production of beet sugar over the record level for the 1960-crop. Marketing allotments for beet sugar processors were also removed for 1960.

A judgment on the outlook for the beet sugar business in 1961 requires consideration of anticipated United States sugar legislation and the likely policy of the United States toward Cuba. Since the mid-1930's, the sugar industry has been regulated by Federal legislation which has had the two-fold aim—successfully accomplished to a great degree—of giving reasonable protection to a domestic sugar industry which ranges from Puerto Rico on the east through Florida and Louisiana, and the more than 20 beet producing states to Hawaii on the west, and of assuring an adequate supply of sugar to consumers at fair prices. It was expected early in 1960 that this Federal legislation, due to expire December 31, 1960, would be extended during the 1960 session of Congress. The sharp anti-United States turn taken by Cuba, which under such legislation enjoyed the largest share of the United States market, introduced many complications into the legislative picture. As a result, the Act was extended only until March 31, 1961, with new provisions under which the President eliminated all the balance of the Cuban sugar quota during 1960 with a commitment by the committee of the House of Representatives which must initiate such legislation, that additional legislative action would be taken early in 1961. It is expected that, when further legislative action is taken in 1961, the marketing quotas assigned to certain United States producing areas, including the beet sugar producing area, will be increased. Although a goodly share of the former Cuban quota would probably be restored to Cuba if a definitely non-Communist regime should take power in Cuba, it seems unlikely any such action would preclude increased marketings of domestic sugar in 1961.

Although there is some uncertainty in the picture because of legislative action which remains to be taken, the expectation is that the past success of Federal sugar legislation, plus Premier Castro's demonstration of why the United States should rely more heavily on domestically produced sugar, will result in the 1961 session of Congress extending the Federal Sugar Act, with provisions which will permit increased domestic production and marketing.

In my opinion, the 1961 prospects for the beet sugar industry are reasonably bright.

HERBERT R. SILVERMAN

President, James Talcott, Inc.

The commercial financing and factoring industry should continue to outrun the general economy in 1961, as it has done during the past few years.

The volume of receivables processed by companies in this field has risen from $8.6 billion in 1955 to an estimated $15 billion in 1960—an increase of 75% in five years. In the past year alone, a 10% increase was recorded in the face of a generally soft economy.

Herbert R. Silverman

In a significant way, 1960 marked the beginning of a period of testing and trial for American industry. All sectors of the economy are now being challenged, as never before, to increase both efficiency and productivity and will be tested continually by aggressive foreign and domestic competition.

The ability of the commercial finance and factoring industry to help industrial firms meet these very challenges has, in large measure, been responsible for the industry's own growth in 1960 and in previous years. There are other important reasons, however, why this industry has grown at a faster rate than our economy.

First, the demand for funds from industry has remained generally strong, even during periods of temporary economic weakness; the companies in this field have been well-equipped to meet this demand, especially when funds were not available in sufficient quantity from other sources.

Second, the firms in our field have broadened the scope of financing services offered to industry; these now include equipment leasing, non-notification factoring, industrial time sales financing and other specialized financing techniques. The industry now provides more services to more clients in more industries. In addition, it has expanded geographically; it is now able to serve clients in all areas of the country as well as overseas.

The industry's forward planning—making certain it has funds available for its clients when needed, where needed and in the amounts needed—has been of primary importance in its growth, as has been its ability to shift concentrations of investments quickly to stronger segments of a selective economy.

All these elements have aided past growth, and will continue to support the industry in 1961. But there are additional factors which should help the industry outpace the economy during the coming year.

Foremost among these is the increased acceptance of commercial financing and factoring in the business and financial world. Businessmen now appreciate how these forms of interim financing can help them. Commercial and investment bankers have learned that the industry supplements their own services in a manner beneficial to them.

Thus a strong three-way partnership has developed among commercial banks, investment bankers and commercial finance firms. The services of the commercial finance industry act as a bridge for industrial concerns to better use the facilities of commercial and investment banking. As a result, these three groups today actively cooperate to meet the financing needs of American industry.

Of special significance in 1961 will be the industry's ability to provide its clients with supplemental services. In a year when correct management decisions will be all important, the advisory and counseling relationship existing between the commercial finance industry and its clients should prove exceedingly valuable.

All of these trends will continue to exert a favorable influence on the volume of the commercial financing and factoring industry this year. My own firm, I am certain, will share fully in the growth of the industry, and I look forward to the tenth consecutive year of record volume and earnings for James Talcott, Inc.

ROBERT F. SIX

President, Continental Airlines

Despite the gloom issuing from many quarters, I believe that 1961 will be a good year for this nation's airlines.

The current business slowdown probably will hold airline traffic in the first three or four months to about the level achieved in the same 1960 period, but travel volume in the remainder of the year should be sufficient to let the full year show a three to five per cent increase over 1960.

Robert F. Six

Continental Airline's gain, depending in part on any new routes awarded by the Civil Aeronautics Board, should substantially top the industry average.

New competition will emerge in 1961 in many areas as the Civil Aeronautics Board continues to realign the nation's airline route structure. Additional carriers are expected to be authorized between the Mainland and Hawaii and across the southern half of the United States. At the same time, the Board is expected to continue transferring smaller cities, which the large carriers can not serve with their larger equipment, to the routes of local service carriers.

The new year should see the consummation of one or two of the trunkline mergers already under consideration. But, while many people are predicting a wave of mergers among the remaining 10 trunk carriers in the industry, I sincerely feel that the stronger regional carriers like Continental can continue to grow and to grow profitably. The formula? The regionals simply must make maximum use of their greater flexibility to do a better job of scheduling, to give the public better on-time performance, better on-the-ground handling and better in-flight service, and they must merchandise their services aggressively.

While the last of the initial order for jets is being absorbed into the nation's fleets, a new round of orders is expected for medium and short-range jets. Even without substantial capital gains from the sale of older aircraft, the carriers should be able to finance their new equipment orders through heavy cash flows generated by earnings, depreciation and amortization and through new borrowings.

Delivery of the additional jets late in 1961 and through 1962, 1963, and 1964 will hasten the departure of piston engined aircraft from trunkline routes, but jet-powered aircraft will continue to be operated economically over shorter routes.

Perhaps the most rapidly growing product in the industry will be air freight, resulting from the huge cargo capacity of the passenger-carrying jets, as well as from the conversion of more piston passenger planes to all-cargo configuration.

Cargo capacity if piston-engined passenger transports is pretty limited, but each of Continental's Golden Jet Boeing 707s can carry almost 20,000 pounds, two-thirds of the capacity of the largest all-cargo piston aircraft now in service.

Limiting cargo use of both jets and all-cargo planes, has been the simple fact that little cargo moves during daylight when the majority of the travelers want to fly. To help solve the problem, Continental has asked the CAB for permission to offer coach freight rates on a large number of commodities moving from Los Angeles to Chicago. To qualify for the lower rates, shippers have to deliver their air freight between 2 a.m. and 12 noon, instead of in the evening, to make it possible to move the cargo during daylight to Chicago when most of the jet cargo capacity is available.

HON. GEORGE SMATHERS

U. S. Senator From Florida

Chairman of the Senate Latin American Subcommittee

Of the host of difficult problems which the United States faces in the coming year, none is likely to be more difficult or come closer to the nation's vital interests than the continuing crisis in the inter-American system. The dimensions of the crisis are by now reasonably well advertised. But only in the past 2½-3 years—since Vice-President Nixon's near fatal tour — have any great number of Americans begun to see that something very radical has gone wrong with U. S.-Latin American relations.

Hon. G. Smathers

Despite the warning bell which should have been sounded by the experience with the Arbenz government in Guatemala in 1954, the United States, through most of the post-war period, took for granted its easy and close relationship with the 20 independent republics of Central and South America.

In fact, development of the Organization of American States and passage from the scene of certain dictators and caudillos created a beguiling air of progress which was all too readily accepted at face value.

The mistake which we made in Cuba is a sobering example of the unreality behind U. S. policy.

It is now quite clear from the record that the United States helped to push Batista out of power and to bring Fidel Castro in. We did so, I am convinced, on little

more than the foolish theory that because a dictator is bad whatever replaces him must be an improvement.

We gullibly accepted, without questioning, Castro's professions of democratic faith, despite troublesome evidence on Castro personally and on some of the other leaders of the 26th of July Movement which was available in Washington.

I myself had met Fidel Castro during the bloody Bogota riots of 1948 and had marked him out as an unstable firebrand. Che Guevara was known to have been an associate of the Arbenz government. Raul Castro has suspicious Communist connections.

Our then ambassador in Cuba, Earl E. T. Smith, had warned that Castro was not the liberal he represented himself to be.

We chose to ignore these warnings and to welcome Castro into power with open arms.

This is not to suggest that we should have stuck with the cynical, corrupt, and ruthless Batista regime. What we should and according to the evidence **could** have done was to exert our influence to obtain free elections in Cuba under democratic guarantees.

The immediate needs of Latin America are basically three in number. First, political stability. Second, social reform. Third, economic development.

Political chaos is fertile ground for Communist intrigue, and so is social inequity.

We must recognize, however, and we must help the people of Latin America to recognize, that the Communists represent an alien despotism and that the "reforms" which they offer in the name of equality always result in the end of freedom.

Reform **with** freedom requires political change accomplished by ballots and not by bullets.

For this to be more than an empty slogan which Latin dictators will ignore with total impunity, U. S. diplomacy will have to exert substantial pressures through the O.A.S. to bring about orderly political changes and fundamental social reforms such as those promised in the recently signed Act of Bogota.

We will need to give full support to the governments, such as that of Romulo Betancourt in Venezuela, which are striving against heavy odds to fulfill their obligations to the people without demagogic nonsense.

For us to approach policy in this manner, we will have to surrender soft-headed notions about the nature of leadership in world affairs.

The doctrines of non-intervention and self-determination do not relieve us of the necessity of protecting U. S. national interests or of advancing the cause of democracy by every means available to us.

Yet, because we are afraid of offending, we are also reluctant to lead. We have allowed altogether too many of our policy attitudes to be hemmed in by pressure from our allies.

This is not to suggest that we ought to act like a bull in a diplomatic china shop. But at the same time we ought not to be afraid to follow our own conception or world view without undue concern as to whether what we do or say will be applauded in Bonn or Paris or London or Brasilia or Mexico City or Accra or Algiers or what have you.

As President Truman likes to say in another connection, "If you can't stand the heat, you'd better get out of the kitchen."

We should be much more concerned in Latin America (and the rest of the world, too) with being right and respected rather than conciliatory and scorned.

R. E. SOMMER

President and General Manager, Keystone Steel & Wire Company

The "soaring sixties"—predicted to be a decade of sky-rocketing prosperity — apparently has fizzled on its launching pad. But one year doesn't make a decade, and the 'sixties may still prove to be a prosperous era.

Reuben E. Sommer

The 1960 business situation is a difficult one to interpret. In spite of the nation's record high personal income and consumer spending, heavy auto production and extensive road building, steel production has fallen off, and steel mills are now operating at about half of present capacity.

Foreign competition continues to spell trouble in big letters for domestic steelmakers. Modern foreign mills, rebuilt since World War II, and their low cost labor make it possible for them to sell steel and steel products in the U. S. for less than they can be produced in American mills and factories. This competition has hurt Keystone sales, particularly in coastal areas.

Keystone continued with its modernization program during 1960 in order to meet the steadily increasing competition from foreign mills, other domestic steelmakers and from competitive materials. Completed during 1960 was a new building and machine for the manufacture of welded wire fabric of the type used for reinforced concrete highways, airport runways, concrete pipe and other steel reinforced concrete facilities.

One of the largest of its kind in the world, the new machine will make sheets of fabric in sizes up to 17 feet wide by 40 feet long.

Quality remains the watchword at Keystone New equipment for maintaining and improving standards on our products includes a new Open Hearth Laboratory and new electronic equipment for testing steel during processing.

At this time of the year, there is a temptation to crystalgaze, and attempt to predict what the new year will bring. It is a hazardous practice to estimate what business will be a year ahead, although some economists have expressed the opinion that steel users' inventories will soon be reduced to the point where heavier buying should begin early in the new year. Our approach will be to continue our concentration on high quality steel, prompt service, and maximum efficiency so that we may be prepared to handle the challenges of the new year.

HON. JOHN SPARKMAN

U. S. Senator From Alabama

The Nation enters the year 1961 on a note of economic decline in contrast to the optimism and the rising trend of economic activity upon which the previous year began. Employment and output have been declining in the past months. Personal income is being maintained almost solely by increases in Government payrolls—largely State and local—and a rise in social security payments and unemployment compensation. Unemployment is high (over 6%) and rising, and the leading indicators of economic activity, in the main, display visible weakness.

Hon. John Sparkman

In the face of widespread evidence of weakness in the economy, it is striking to note the lack of fear of a depression and the widespread confidence in the built-in stabilizers and safeguards which have been created through such reforms as unemployment insurance, social security, bank deposit guarantees, and the like. As we look ahead to 1961 it is apparent that there are some factors pointing to continued declines in output and employment for awhile, but with favorable prospects for a renewed expansion in activity as the year advances.

On the weak side of the picture:

(1) Business will be reducing their expenditures on plant and equipment possibly through the third quarter, with the total for 1961 at least 3% below 1960. In the opinion of some analysts, such expenditures may be as much as 6% or more below last year's total.

(2) Businessmen have been reducing inventories as sales slacked off and it would not be surprising if this continued in the first half of the new year.

(3) The housing industry so far is showing little signs of responding to the easing in credit conditions. It may be some months before this industry makes a contribution to renewed expansion.

(4) Consumer buying has been dampened in recent months by rising unemployment and declines in wage and salary payments.

On the favorable side of the ledger:

(1) The Federal Reserve reversed its tight money policy in the spring of 1960 so that the excessive restraints of the tight money policy are no longer hampering business expansion.

(2) Expenditures by State and local governments will continue to rise in response to the needs of a growing population. This could add $3-4 billion per year to the rate of purchases of goods and services by State and local governments, including larger payrolls for teachers, etc., and outlays for additional school buildings and other construction.

(3) Federal purchases of goods and services have been tending downward for about a year, mostly due to some easing in defense spending. On the basis of present plans, these outlays are scheduled to rise during the current fiscal year ending next June 30 and may well rise moderately further in the next fiscal year ending June 30, with the net increase in purchases of goods and services amounting to about $3 billion per year from mid-1960 to mid-1961. This does not imply any great burst of new spending by the new administration but will result from past and current programs of the outgoing administration.

(4) Exports of goods and services have been exceeding imports from other countries and this seems likely to continue in the months ahead. Somewhat offsetting this favorable picture on our international transactions is an increase in the deficit in our balance-of-payments.

(5) Although inventories in the early months of the year will be a retarding influence as business reduces its holdings by purchasing less than is being sold, this policy should reverse within a few months.

The most significant aspect of the current situation and outlook, however, is that the economy did not recover fully from the recession of 1957-58 under the policies of the outgoing Administration. The percentage of labor unemployed and the percentage of industrial capacity idle was never reduced to levels consistent with a full employment economy. The present decline, therefore, started from less than full employment, and the challenge to private and public officials in the year ahead should be to redirect economic policies so as to enable our free private competitive economy to move as swiftly as practical to full employment of labor and capital and to achieve a high rate of economic growth on a sustainable basis. I am confident that under the new Administration this will be accomplished.

PHILIP SPORN

President, American Electric Power Company

It was generally believed that after the settlement of the steel strike at the end of 1959 the recovery and economic growth that had gotten under way after the recession of 1958, and which the steel strike had perceptibly slowed down, would once again regain its momentum. This expectation proved to be in error. Instead of a resumption of growth, the economy struggled through most of the year to maintain the high plateau on which it began the year, and for the last several months of the year slowly slipped off that plateau. But despite the disappointing performance of the economy relative to the expectations early in the year, the electric utility industry again demonstrated, as it did in the recession of 1958, the underlying strength of its long-term growth trend.

Philip Sporn

Preliminary figures for 1960 now indicate that electric generation rose by a little more than 6% over 1959 to 765 billion kwh, and sales rose by a similar percentage to 667 billion kwh. Peak demand at about 135 million kw was almost 10% above that of the previous year, and once again confirmed the judgment of the industry in going ahead with its expansion program at almost the same level of

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expenditure as in the previous year. As part of this expansion program, generating capability was increased by over 14.5 million kw to a total capability of 175.9 million kw. Revenues grew 6.5%, to $10.9 billion.

As in the case of the industry, although sales performance on the AEP System was definitely lower than earlier expectations, it is gratifying that despite declining production levels in such important System area industries as steel, coal, and ferro-alloys, the System demonstrated the basic strength of its growth impetus. Energy output and sales both increased by about the same percentage as the increase for the industry as a whole, and with relatively small increase in the peak demand, only slightly above 3%, load factor was improved from 68.4% to over 71%. This made possible more efficient use of existing capacity. The AEP System elsewhere continued to establish new records in operating efficiency. The Btu performance of the System's electric generating stations—the index of its thermal efficiency—went below 10,000 Btu for the first time in 1958; it was further reduced in 1959; and in 1960 it was lowered to 9,550 Btu, or an average System efficiency of almost 36%. For 1961 a further reduction to 9,300 Btu is expected.

There were several noteworthy developments on the AEP System which warrant special mention. During the year the new Breed Plant, near Terre Haute, Indiana, was placed in commercial operation. Originally planned as a single 450,000-kw, supercritical-pressure, double-reheat unit, after some minor engineering adjustments its capability was up-rated to 500,000 kw; at the time it went into service it was the largest single generating unit in the world. Although sufficient operation at full load has as yet not taken place to give a complete basis for such rating, the indications are that it is also the most efficient plant in the world, with a thermal efficiency of 40%. A sister unit, similarly exploiting supercritical pressures and the experience gained from our first prototype Philo No. 6 unit, has just gone on the line starting with 1961 at the Company's Philip Sporn Plant in West Virginia.

The performance of the utility industry in 1961 will depend to a considerable extent on the vigor with which the new administration attacks the present recession. Assuming that after a continuation of the recession through the first quarter of 1961 a moderate recovery will develop throughout the rest of the year that will take the GNP to somewhere around the $515 billion level for the year as a whole, the electric utility industry will once again set new records. Generation should increase by about 7% to a value close to 820 billion kwh; sales, revenues, and net income should climb commensurately. Construction expenditures of the investor-owned companies can be expected to stay around the current annual level, near $3.4 billion, or climb slightly.

Growth on the AEP System in 1961 is expected not only to match but to exceed moderately the average performance of the industry; however, if the pace of the economic recovery should exceed present indications, then growth on the AEP System could move well ahead of the industry. On the basis of the more conservative economic projection, System load and sales are expected to grow by 8%, to about 32.2 billion and 29.7 billion kwh, respectively. Intensive promotion of major electric residential appliances, home electric heating, and the all-electric home will continue and gain momentum. In 1960 these programs succeeded in raising average annual residential consumption on the AEP System to 4,400 kwh, or about 16% above the national average, and will continue in 1961 to increase average residential usage to reach a figure in excess of 4,700 kwh.

The present high momentum of research and development activities on the AEP System will be maintained in 1961: in generation, transmission, distribution, and utilization. On the AEP System this will involve continued work in the East Central Nuclear Group, looking toward the development of a high-temperature, gas-cooled, heavy-water-moderated reactor, which involves the solution of the problems raised by resorting to beryllium cladding for fuel elements. The joint AEP-General Electric Co. research program on harnessing both the gas turbines and steam turbines in a combined cycle, started in 1960, will be continued in a program reoriented in 1961 to include the efforts of Babcock & Wilcox. Progress in the joint project undertaken by Avco and 10 electric utility systems, including three AEP System operating companies (Ohio Power Company, Appalachian Power Company, and Indiana & Michigan Electric Company), to explore the application of the magnetohydrodynamic principle to electric generation, has been highly encouraging; this program is expected, therefore, to continue in 1961, and we look forward to further substantial progress. Looking forward to the day when it may be desirable—or, indeed, necessary—to build transmission lines at much higher voltages than our present 345,000 extra-high-voltage system, we have undertaken, together with Westinghouse and a number of other participating industrial companies, a program of research into such higher voltages up to 750,000 volts. We now expect that early in 1961 the experimental line will be energized and the test program started. Other research projects which will be continued cover investigations of lightning strokes on transmission lines; heat pumps and other electric-heating applications; the use of helicopters for construction of transmission lines, begun in 1960; and the application on a regular operating basis of the barehand methods, developed on the AEP System and announced toward the end of 1960, for working energized high-voltage transmission lines without the use of special insulated tools and equipment.

These are the projected research projects now being carried out on the AEP System, work on which will be pushed forward in 1961. Never before in the 79-year period that has elapsed since Edison established the base for the electric power industry in the famous Pearl Street station in 1882, has there been so much exciting work going on in new areas that offer so much promise of broadening and deepening the solid technical foundations for assuring to the public a continuing abundant, expanding, and low-cost supply of energy, while enhancing at the same time the financial soundness of the electric utility structure. This, I believe, is especially true of the American Electric Power System.

ROBERT C. SPRAGUE

Chairman of the Board and Treasurer
Sprague Electric Company

In recent months, much attention has been given to the probable extent of the current downtrend in business and economists are somewhat divided as to the outlook for the near future. And yet, despite some disappointment with the performance of this first year of the new decade, 1960 has been a good year in many ways, with many overall measures of business having reached new peaks for the year as a whole. The shift in sentiment from excessive optimism early in the year to the present mood of caution has probably been a good thing in that it has prevented the accumulation of the burdensome inventories that have characterized many previous swings in the business cycle. This caution has been particularly noticeable in a tendency of retailers and distributors to shift the inventory burden back on the supplier, and the fact stocks at retail are low in many lines has escaped attention because of the presence of higher stocks at the manufacturing level.

Robert C. Sprague

In the electronics industry, this tendency is well illustrated by inventories of TV sets. Factory stocks in recent months have been the highest they have been in three years, while those at retail are below 1959. The buildup in inventories in the late summer months led manufacturers of entertainment electronics to curtail output rates rather sharply during the fall, so that total output and sales for the year ended up in very close balance. The total value of our industry's shipments, at factory prices, increased from $9.2 billion in 1959 to approximately $10.1 billion as a result of increases in all of the major segments of our business—home entertainment, military, industrial, and replacement. I believe a further gain is in prospect for 1961.

Reflecting the largest percentage of high-end sets such as consoles and combinations since 1953, dollar value of home entertainment electronics in 1960 was about $1.9 billion, compared to $1.7 billion in 1959. Sales of TV sets at retail ran ahead of the like months of 1959 through July; set production (excluding those destined for the export market) also ran ahead in the early months, but was curtailed after the usual vacation shutdowns in the face of growing evidence that some of the early production plans had been overly optimistic. For the year as a whole, retail sales of TV sets probably came to 5.8 million against 5.7 million in 1959; however, production came to only 5.6 million compared to 6.2 million. It appears that by year end inventories had been cut to about 2.0 million against 2.2 million a year earlier.

In contrast to the lower turnout of TV, total radio production increased from 15.4 million sets to 16.7 million (excluding export). Both home and auto radios were in excellent demand, with retail sales of home sets ahead of 1959 in every month of the first 11; sales and production of home sets were about equal at 10.4 million units. Auto set production came to about 6.3 million compared to 5.6 million in 1959. Separate phonographs also had a good year, reflecting the growing popularity of stereo sound and the same tendency on the part of the consumer to upgrade that characterized the radio-TV market.

The outlook for entertainment electronics in 1961 is certainly far from clear at present, but recent surveys have shown a desire on the part of consumers to step up their buying plans for durable goods. I would expect that sales at retail in the first half of 1961 might be below 1960 by some 10-15% but that second half levels should show a favorable comparison, with a possibility of quite strong demand late in the year if business conditions recover as some recent forecasts suggest they will. I look for TV sales and production to be approximately equal at 5.7 million sets for the year, but I look for some decline in radios from the high rate in 1961 to more nearly the 1959 level of 15.0-15.5 million sets. I therefore believe it is realistic to assume a modest drop in the total value of home entertainment electronics to about $1.8 billion, slightly below 1960, but above 1959.

1960 witnessed another substantial increase in our industry's shipments of military electronics, which totalled about $5.4 billion compared to $4.9 billion in 1959. It is interesting to note that the present level of military electronics procurement is greater than the industry's total sales to all markets in 1950-1953, which were good years for our industry with television enjoying its initial period of rapid consumer acceptance. It has been correctly pointed out by well-informed people in the industry that it is probably unrealistic to expect a continuation of the yearly growth of 15% or better that characterized the decade of the 1950's, and that our military markets may be entering upon a new phase in which procurement of multiple weapons systems will give way to concentration of still undeveloped areas of our defense capability. While this may well be true in general, I believe it is also important to keep in mind that some recent developments suggest that over the next year or so military electronics may be one of the most strongly growing areas in an economy which is not expanding rapidly in other directions.

The reasons for this can be seen in recent Bureau of the Budget estimates for the fiscal year ending in June, 1961, which show an increase of some $500 million over the estimates made a year ago. To this must be added the fact that total national security outlays at the beginning of the current fiscal year were at an annual rate substantially below the $45.6 billion requested by the President. Among the items scheduled for acceleration in the near future are the POLARIS and B70 programs, strengthening of the airborne alert system of the Strategic Air Command, and improved battlefield surveillance systems. Research and development expenditures connected with the reconnaissance satellite SAMOS and the future development of ballistic missile defense system such as NIKE-ZEUS are expected to increase substantially. Research, development test and evaluation funds devoted to missiles in 1960 were 3 to 4 times as large as those devoted to aircraft, and actual missile procurement is expected to exceed aircraft procurement by 1963. Still later, the realm of space technology will show substantial gains; it has been estimated that spending by the National Aeronautics and Space Administration will rise from less than $500 million in fiscal 1960 to more than $2 billion by 1967, and that the electronic industry's share of these expenditures will be closer to 50% than the current 20%.

The stepped up defense procurement called for in the 1961 Budget has already begun to make itself felt in an upturn in orders for military electronic equipment and the components that go into it, and it has been suggested that an additional $2 billion increase in total defense spending may be requested for fiscal 1962. Although the impact of these increases on our industry's shipments will be gradual, on balance I look for another good increase in shipments in the coming year, to at least $6 billion.

Paced by the continuing rapid growth of electronic data processing, sales of industrial and commercial electronic equipment totalled $1.8 billion compared to $1.6 billion in 1959. The market for computers and other data-handling devices continues to expand at the rate of about 30% annually, reaching some $450 million in 1960. Informed estimates look for this market to approximately quadruple by the late 1960's, under the stimulus of new applications in the fields of banking and retailing, industrial process control, and information storage and retrieval. In the industrial field, prospects for higher expenditures on electronic testing and measuring equipment are also quite bright. For the near term, however, it must be realized that the industrial and commercial market is somewhat more sensitive to general business conditions than is the military market, and for this reason I would expect that any gain in 1961 may be somewhat smaller than those of recent years; sales should slightly exceed 1960, however, and reach $1.9 billion.

In addition to the three major original equipment segments of the electronics business, the steady growth in the market for replacement parts continues year by year. This is now a $1.0 billion business, up from $0.9 billion in 1959, and should reach $1.1 billion in 1961.

The markets for electronic parts in 1960 have reflected the changing patterns of the various end equipment segments of the industry. Demand for parts for home entertainment was strong in the first half, but purchases were cut back to lower levels during the fall as set manufacturers reduced their own operating rates. In the military field, incoming orders turned down early in the year, and remained rather slow until late fall when the upturn in procurement of equipment began to make itself felt in rising orders for components.

Sales of transistors in 1960 exceeded $300 million, compared to $222 million in 1959 despite substantial price reductions in virtually all types. Production totalled about 123 million units against 82 million in 1959, and I look for a further gain to 188 million units worth approximately $380 million in 1961. Sales of passive components, such as capacitors and resistors, although not growing as fast as those of semiconductors were ahead of 1959 this year, and should increase again in 1961.

In sum, I look for another good year for the electronics industry in 1961, with total sales increasing about 7% to $10.8 billion, despite the uncertainties in the business outlook generally. As I have indicated above, I base this feeling on a belief that current weakness in the market for consumer durable goods may continue through the early months of the year, but will give way to a sufficiently strong recovery later on to bring the full-year figures close to those of 1960; on prospects for continued increases in defense spending; and on continued growth in the applications of electronics to the complex problems of manufacturing and trade in the expanding but competitive economy of the 1960's.

J. R. STEELMAN

Chairman and President, Koehring Company

Construction activity in terms of dollar and physical volume of both awards and work put in place is likely in 1961 to exceed 1960's levels. Whether sales of construction equipment as a whole will show improvement over 1960, which was sharply reduced from 1959, remains a question. Many of the same factors which affected adversely contractor demand for new construction equipment in 1960 continue to operate.

J. R. Steelman

Prominent among these factors has been severe competition among contractors who were generally too numerous for the amount of work available. This led to low bidding which curtailed profits or resulted in losses. Contractor mortality rose to the highest level in 26 years. This was true for building contractors and trade subcontractors, although not the case for heavy contractors. The latter fared much better, but their profits were also squeezed. Another factor was the excess supply of equipment available in relation to the amount of construction work to be done. Contractors had tended to over-expand during the 1955-59 period. In addition, with profits drastically reduced, older equipment is now being used by contractors longer than estimates of useful life would normally call for.

Contributing to the surplus equipment situation are several other factors. Extensive contractor failures have been placing large amounts of relatively new equipment on the market at low prices. Also, Government surplus used equipment continues to come onto the market. Added to these factors are the growing practice of equipment rental and the practice of equipment swapping between those contractors who happen to have work at a particular time and those who don't. All these add up to reduced demand for new equipment.

Any expectations for a pickup in equipment sales in 1961 would therefore have to be based on one or more premises: (1) that overall levels of construction activity will increase to such an extent as to reduce competition among contractors and thereby increase their profit levels; (2) or that the high level of contractor mortality in 1960 would make for less severe competition for business in 1961; (3) or that the level of work in 1961 will rise by enough to keep busy a substantially larger portion of existing construction equipment capacity; (4) or that equipment replacement programs will appear more attractive to contractors because of wear, tear and obsolescence of their old machinery as well as a better business climate and consequent improved buying psychology.

While each of these may play a part as the year progresses, there is no clear indication today these factors will overcome those which have been acting to depress machinery sales.

Therefore, except for equipment used in a few areas of heavy construction, such as highways and bridges, construction equipment demand as a whole in 1961 is not expected to be much better than in 1960. This, despite the expectation that construction activity itself will equal or slightly exceed the high level of 1960.

I might briefly touch on the outlook in another important area of our business—process machinery for the plastics industry. The demand for plastic injection molding and other plastic molding machines, which experienced a slight decline in 1960 from the very high level of 1959, may decline a bit further in 1961 although still maintaining a good level. Plastics industry growth is experiencing a slowing from the very high 10% a year pace of recent years. But going beyond the temporary slowing which began in 1960 and will continue in 1961, the industry can easily regain former peak growth levels, as applications of plastics to uses in autos, appliances, household articles, construction, toys, etc., expand even further.

In order to cope more effectively with these currently depressed business circumstances, the management at Koehring Company has been trimming costs during the past six months principally by reducing employment and consolidating manufacturing functions. As a result, even though sales in 1961 show no increase, operating profits should improve substantially.

LOUIS STEIN

President, Food Fair Stores

Although 1960 did not live up to expectations in some quarters of the economy, for the retail food industry it proved to be another year of record performance. Preliminary estimates of 1960 sales for retail food stores are $54 billion, surpassing last year's achievement by almost $2 billion. As in the past, supermarket retailing led the way again this year. Supermarket sales—chain and independent—should account for about 70% of total industry volume—an estimated $38 billion.

Louis Stein

The year ahead will undoubtedly see continued expansion and growth for the food distribution industry. Even though the national economy is not expected to show an upturn until the latter half of the year, total retail food store sales in 1961 should climb to more than $56 billion.

As the sixth largest retail food chain in the nation, Food Fair Stores expects to participate fully in this growth. Our sales, which in fiscal 1960 amounted to $771 million, are expected to exceed $850 million and perhaps range to $860 million in fiscal 1961.

Generally, Food Fair has been able to balance increased labor and material costs with improved efficiency to hold the line on prices and maintain a profitable enterprise.

In the year ahead, the entire food industry, processors as well as distributors, must intensify its efforts to achieve still greater efficiencies in all operating areas. At Food Fair, we anticipate stepping up our programs to achieve greater effectiveness of organization and personnel.

It is likely in 1961 that there will be a greater spirit of co-operation and participation by all segments of the industry toward the resolution of problems of mutual concern to all.

It is likely also that a concerted effort will be made to inform the consuming public of the manifold benefits which have accrued to the public and to the nation from the development of the present day food distribution system. These benefits include a 45% reduction in the costs of distribution, a saving which has been passed along to the consumer in the form of greater quality and values and improved services. The nation's food distribution system is the world's most efficient and it has helped bring to Americans the world's highest food standard of living. Such benefits are too often taken for granted.

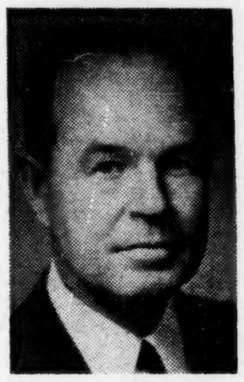
That this is so is implicit in the irresponsible or misguided attack being leveled against the industry. In defense of itself, the industry can do no better than to bring to the consuming public an awareness of the facts, confident that the public, which has endorsed the supermarket principle with 70% of its food dollar, will not stand idly by when attempts are made to bring back yesterday.

The retail food industry, on the other hand, faced with manifold problems in the year ahead, must remember its primary responsibility, which is the ever more efficient distribution of food.

CLAUDE O. STEPHENS

President, Texas Gulf Sulphur Company

The free world's sulphur industry set an impressive list of new records in 1960. World production and consumption of sulphur hit new highs; U. S. consumption reached a new peak; U. S. exports topped their previous highs set in 1956; U. S. production of sulphur by the Frasch method climbed again, reversing its three-year trend of declining production; and new production records were set in France and Canada.



Claude O. Stephens

By and large, none of these new records represented increases of any great magnitude but in a year generally characterized by faltering production indexes, we are heartened by the performance of the sulphur industry. This trend reinforces our confidence in the long-term growth of the sulphur industry in the 60's. We also expect 1961 to be a year which sees a trend toward the firming of prices in world sulphur markets—a trend which began toward the end of 1960. Over the past few years, increasing supplies from Mexico, Canada and France resulted in intense competition within the industry.

During 1960, total world consumption of sulphur (in all forms) reached 17,500,000 long tons, compared with the previous record of 16,800,000 tons set in 1959. In the U. S. alone, consumption reached a peak of nearly 6,000,000 tons in 1960, compared with 5,925,000 tons in 1959.

Sulphur is one of the world's most important basic materials. It is widely used—in various forms, but principally sulphuric acid—in such industries as: fertilizers, paper, oil refining, steel, textiles and rubber. Approximately three-quarters of all domestic sulphur is produced by the "Frasch method"—a process which pumps super-heated water into salt domes to force raw sulphur to the surface. The Frasch producers are centered on the Gulf coast in Texas and Louisiana.

Production of sulphur by the Frasch method in the U. S. over the last three years shapes up as follows:

U. S. Frasch Sulphur

	Long Tons
1960	4,920,000
1959	4,554,000
1958	4,643,000

U. S. exports of sulphur produced by the Frasch method reached 1,750,000 long tons in 1960, compared with 1,612,000 in 1959.

Actual sales of U. S. Frasch sulphur were somewhat lower in 1960: 5,100,000 tons vs. 5,182,000 in 1959.

The U. S. sulphur industry maintains the world's major stocks of Frasch-produced sulphur. At the end of 1960, U. S. Frasch stocks were near 3,600,000 long tons, down slightly from the previous year-end figures of 3,810,000 long tons.

France is beginning to emerge as an important competitor in the world sulphur market. That country's principal production comes from a plant near the Pyrenees that recovers sulphur from natural gas. Texas Gulf Sulphur pioneered in this recovery process in North America, with a plant at Worland, Wyoming; it also operates a similar plant at Okotoks, Alberta.

For consumers of sulphur, the most noteworthy marketing development of 1960 was the fast-growing trend toward shipping sulphur in molten form. This method delivers an uncontaminated, dustless product to the consumer in a form ready for use. We pioneered in shipping molten sulphur and by February, 1961, will have four centrally located terminals in the eastern United States, to handle molten sulphur. The central shipping point for molten sulphur is Texas Gulf's new shipping terminal in Beaumont, Texas, which was opened in 1960. Deliveries are made by ship, tank cars, barge and tank trucks. We estimate that by the end of 1961, over 40% of all our sulphur shipped will be in molten form.

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ROBERT E. STRAUS

President, American National Bank and Trust Company of Chicago

At the beginning of last year the majority of economists were exceedingly optimistic about the business outlook. As the year unfolded, however, these projections proved too sanguine and we are now in the eighth or ninth month of a recession, the fourth since the end of World War II.

Robert E. Straus

Recent figures indicate that industrial production, as measured by the Federal Reserve Board Index, has declined by about 6% during 1960 and there are a number of uncertainties still facing us. These include: continuing reduction of inventories on an overall basis and the possibility of further inventory liquidation, sluggishness in housing starts, a decline in capital spending by business, and a hesitant attitude toward durable spending on the part of the consumer.

However, it is our opinion that if the new Administration does not rock the boat by forcing abnormal conditions on the economy, many of these unfavorable factors will be dissipated by the middle of the year. With the maintenance of a relatively high level of consumer purchasing power, it seems likely that inventory decumulation will cease and in some areas increased production will be required to keep up with present levels of demand. By the end of the year the economy should exhibit greater balance and once again be moving along in a favorable trend.

While banks generally have completed a very satisfactory year, it is our opinion that we can duplicate this year even though we start the year operating under easier money conditions. This should be offset by having larger deposits and should the business situation turn as we anticipate, banks will be able to employ their funds more profitably in the second half of the year.

CLIFFORD S. STRIKE

President, F. H. McGraw & Company

Private and public construction in the 50 states will set a new high in 1961, according to both government and private estimates. These estimates are for construction put in place, on a dollar volume, and are predicated on contracts let in 1960, announced plans and recently completed engineering studies.

Clifford S. Strike

However, there is reason for restrained enthusiasm over these optimistic reports. Because they are based on dollar volume and there is a marked rise forecast in the construction cost index next year, the physical volume of construction put in place may fall slightly short of the 1960 mark. But let us consider what the new year holds for construction —on a dollar basis.

It appears that 1960 is "topping out" with a construction volume of slightly over $55 billion, about a billion dollars less than the previous year. Overall expenditures for 1961 are forecast at $57.3 billion, a significant increase indeed.

Estimated expenditures for private construction in 1961 are put at $40.3 billion. This would be a record high, running about 3% over the past year, and slightly over 1959. Gains over last year are looked for in every category of private work except for stores and restaurants, garages, railroads, and telephone and telegraph. In the power industry no changes are anticipated.

A boom in office building next year is foreseen by government forecasters. This is prompted by a drive for modern conveniences and for prestige locations, centered mainly in New York City, and to a lesser degree in other urban centers of the U. S. There is a strong possibility that the urban renewal program under the new administration will be greatly accelerated.

According to the forecasts there should be big gains also in private schools, hospitals and gas utilities.

Designed to relieve a critical shortage of office space since World War II, there will be marked spending for new Federal office buildings in the coming year. This will boost "administrative and service" construction by a whopping 14%.

It is forecast that the rise in spending on industrial buildings will be held to 7% (up to $3.1 billion) in the coming year—due to anticipated lower industrial profits and continued emphasis on modernization rather than on increased capacity. The year just passed showed an industrial jump of 38% over the previous year ($2.9 billion vs. $2.1 billion).

In the McGraw Company we are inclined to disagree with the forecasters in the industrial field. Our surveys show that the first quarter will be slow but that the second and third quarters will be marked by a boom in industrial construction that might even cause a manpower shortage in the building trades, similar to what occurred in 1956.

The McGraw Company predicates its favorable industrial forecast on the reluctance of many manufacturing companies during the past year to recognize their needs for replacement and new plants to produce entirely new products. General Motors has already announced their bold expansion plans of $1 billion plus for 1961.

Public housing starts in 1961 are supposed to rise to 50,000, over the 45,000 estimated for 1960. There will be renewed strength in federally-aided public housing.

Private housing starts are expected to rise to 1,300,000 units—slightly over the past year. This is predicated on a strong recovery in the second half. Although the value of new private dwellings will rise 3% to $16.8 billion, according to the Department of Commerce, this will be well under 1959.

Biggest gains will probably be in public construction. A significant rise of 5% in public construction will be based on planned expenditures for highways, schools, water services and conservation.

All in all, the coming year will be a good one, volume-wise, for the construction industry, but with contractors' profits probably cut to the bone due to increased competition in the building field.

FRED R. SULLIVAN

President, Monroe Calculating Machine Co., A Division of Litton Industries

At least two business barometers point the way to an excellent sales year for the office equipment industry in 1961. One of them is the intensive increase in office equipment sales which occurred during 1960; the other is a predicted economic climate ideal for the growth of the business machine industry.

Fred R. Sullivan

Progression to office automation has been steady and will gather momentum in the coming months. A growing population will speak louder in its demand for more products and better services — demands which can only be met by efficient production from millions of white collar workers. The growth of business, which has increased the need for office equipment in this country, will be supplemented by business expansion all over the world, and this should contribute importantly to the industry's mass income.

Just as the classic symbol of the auto industry will be the compact car, so too, will the compact business machine become the leading lady of the office equipment industry. The compact car is successful because it offers the user efficiency, economy and mechanical dependability. Modern day business has come to demand these same qualities in office machines. This is the consumer's desire for a provable economical product — and the recognition of this desire by one auto manufacturer resulted in a total sales increase of millions of dollars.

The trend toward economical and compact business machines is bound to pick up speed because of two basic problems confronting management. First of all, vigorous competition and the consumer's cry for new and better services will require more sales, market research, advertising and clerical personnel. Secondly, increased office staffs require increased office space—over 13 million square feet were added in New York City alone in the past year. Space, however, becomes more expensive each year.

With budgets already straining, management must acquire machines which will hold clerical employment to a minimum, take as little space as possible, yet function efficiently. Although fascinated and impressed by huge computing machines, which, needless to say, have made tremendous contributions to the clerical problem, management now demands small system equipment that must be immediately provable in its labor savings and can be utilized in an existing organization without necessitating the large and expensive changes needed to adopt a large computer.

Electronic giants may be intriguing, but a smaller, less expensive machine will often do just as well. As an authority on computers recently stated, "Too many computers have been sold on the golf course in the past, either to build someone's prestige or to keep up with competitors." His advice reflects a growing trend: "Don't order a Cadillac-type machine when what you need is the Chevrolet equivalent."

The future is full of promise for mechanical and electro-mechanical equipment — the standard adding, calculating and accounting machines which show sales increases every year. Demand for this equipment, as well as punch tape and punch card machines, continues to grow. Reflecting the demand is an ever-enlarging allocation of funds for research and development which has produced small system devices—electronic, mechanical and electro-mechanical. During 1960 there was a substantial increase over 1957 when the dollar volume of $7.2 billion was already a 20% increase over the 1956 volume of $6.0 billion applied to research and development. This intensified effort is now gushing forth its benefits in advantageous contributions to business.

Almost phenomenal interest has been expressed, for instance, in Monroe's new Monrobot Mark XI—a low-cost, desk-size electronic computer which can handle any problem that can be programmed on a large computer. It can be operated by one girl who can learn its function in a single day. Here, as in the compact car, is a symbol of a small, efficient and provable economical good that has been welcomed enthusiastically as an answer to the complexity of business. Office machine manufacturers will continue to provide such answers, and for this reason we at Monroe predict an outstanding sales year in 1961 with a better than average gain for the industry as a whole.

HENDERSON SUPPLEE, JR.

President, The Atlantic Refining Company

The petroleum industry made a comeback in 1960 and ended the year in a much better position than any of us expected at the end of the first quarter. Petroleum prices and profits were considerably improved from their depressed levels of 1958 and 1959, and domestic demand increased 2.5% over 1959, despite the introduction of the American compact car and limitations on the supplies of residual fuel.

H. Supplee, Jr.

A substantial reduction in the nation's inventories of crude oil, the result of restrictions on imports of foreign crude and the cutback of Texas production to an all-time low of 104 producing days, added strength to petroleum markets.

Even though the direction of the general economy may be only moderately upward in 1961, gains in petroleum demand should nearly match those of the past year. We estimate that domestic demand for all products will increase some 2.4% and will exceed 9.9 million barrels a day. As for some of the specific products, sales of motor gasoline are expected to rise about 2.6%. Demand for distillates may be only 1.8% greater than in 1960 and restricted supplies of residual fuel may hold consumption of that product some 2% below the 1960 level. Aviation gasoline requirements, which fell nearly 20% in 1960, will continue to decline, but this loss will be more than offset by rapidly expanding markets for jet fuel for commercial aircraft, currently the fastest growing market for petroleum products. Liquefied petroleum gases will probably continue the high growth rate reached in 1960, and sales of asphalt should also show marked improvement.

The domestic oil industry is expected to enter 1961 with crude oil inventories of only 235 million barrels, some 20 million less than previously believed were needed to sustain its operation. Recent experience indicates that with improved techniques for inventory control, this lower level of stocks will be adequate. Further reductions seem unlikely, however, so that most of the increase in demand will have to be met by a higher rate of domestic crude oil production. We estimate that production will need to average some 7,270,000 BPD, nearly 300,000 BPD more than in 1960. This increase should be enough to arrest the downtrend in Texas producing days which are estimated at 108 for 1961. This higher level of domestic production will be needed despite an increase of nearly 5% in the production of natural gas liquids and a moderate increase in imports of foreign crude oil and products.

Although crude oil inventories are currently in better balance, stocks of gasoline and distillates are somewhat excessive. With supplies of crude oil continuing to be limited, product stocks may be reduced to desirable levels early in 1961. In this event, refineries will need to operate at a rate some 3% higher than in 1960.

Although things look better, the petroleum industry still has its share of problems. Much remains to be accomplished in relationships between the industry and the Federal Government particularly in the administration of oil import controls and natural gas prices. Admittedly, these are both extremely difficult areas to administer. While a degree of flexibility is necessary, particularly in the formative steps of administration, the industry has been handicapped from time to time by vacillation in Federal policy. Outside the United States, both producing companies and the host nations have also been faced with the situation of surplus crude oil capacity and conflicts in political philosophies.

Considering all factors, however, the outlook for the oil industry in 1961 is favorable, and I believe that we can expect profits to be at least as good as they were in the past year.

JOHN E. SWEARINGEN

President, Standard Oil Company (Indiana)

Any forecast for the oil industry in the first half of 1961 has to be based on assumptions as to the level of business activity. We estimate that the current business turndown will not be severe, and that it will bottom out in the second quarter. As a result, the volume of domestic petroleum product sales may be 1 to 2% lower than they would otherwise be.

John E. Swearingen

Assumptions have to be made as to the weather. We are estimating a "good," that is, a normally cold winter heating season.

Also, assumptions have to be made as to political action. We believe that the first half of 1961 will see no drastic change in tax rates, depletion allowances, import controls, or natural gas regulation.

In looking forward to the first half of 1961, it is worth noting that oil industry results in 1960 will probably be better than those for the economy as a whole. The economy generally has fallen off during the year. The oil industry appears to have maintained or bettered its position.

The year 1960 showed some improvement in attitude toward one of the industry's worst problems of recent years—oversupply of both crude oil and products. The supply situation is not yet completely in hand, but the

industry seems to have realized at last that volume alone is not the sole consideration in marketing its products.

We will go into 1961 with gasoline stocks somewhat higher than they need be, with distillates in fair balance, and with residuals about in line with requirements. The nation's refineries recently have been operating at 80 to 82% of rated capacity. The first half should see domestic demand for petroleum products 1 to 2% higher than in 1960. Domestic crude oil production should also be 1 to 2% higher in the first half of 1961 than in the first half of 1960. Natural gas production should also show a moderate increase.

Product prices, which strengthened in the last half of 1960, should continue near recent levels. There is, of course, no guarantee that they will. But if they do, overall product prices in the first half of next year should average 3 to 4% higher than they were in the corresponding period of 1960.

With these assumptions—a moderate business decline, a normally cold winter, no deterioration in ratio of supply to demand, some firmness in product prices, and no drastic governmental actions — domestic oil industry earnings for the first half of 1961 should improve at least 5% over 1960's weak first half.

Capital expenditures in the domestic oil industry will probably ease slightly, primarily in drilling and production, from those in the first half of 1960. Capital expenditures in refining will be used primarily for modernization of plants and facilities, rather than for expansion. Industry investments in the chemical business are being accelerated. All in all, I expect domestic capital expenditures will continue at an annual rate of about $5.5 billion.

In the Free World outside North America, first-half demand for crude oil and for products should increase by about 6% over the first six months of 1960. Earnings from foreign investments may not increase commensurately, because of new supplies pressing for market and because of political pressures in both producing and consuming countries. In general, however, oil industry earnings abroad should be as good as last year's first half, and possibly better.

All in all, at this time, prospects for the petroleum industry in the first half of 1961 appear reasonably good, about in line with second-half 1960 and improved over first-half 1960.

HON. JOHN TABER

U. S. Congressman From New York

Hon. John Taber

Perhaps the most critical item that this country is facing today is the mistaken idea that we can spend all the money any dreamer would want to on foreign relief.

That has drawn our gold reserves down to about $2 billion. Steps have been taken which should stop this drain on the gold reserves, and they should be followed, I think, with the elimination of the Reciprocal Trade Agreements and with the stopping of continually reducing and retaining low tariffs upon foreign imports.

I believe these are the things that are vital to the welfare of the United States.

REESE H. TAYLOR

Chairman of the Board, Union Oil Company of California

The year 1961 will see a continuation of the mixed trends of 1960, as the nation's business firms continue to struggle with the price-cost squeeze, with excessive capacity, and with the improving products and services offered by low-cost foreign competitors. These problems will probably be felt more keenly in 1961.

Reese H. Taylor

The petroleum industry's prospects are likewise mixed. As the business contraction deepens, the demand for most petroleum products should be adversely affected. However, because of oil import quotas and low production allowables in the major oil producing states, the industry is entering 1961 with its inventories at reasonable levels. Therefore, the industry may avoid some of the profit-eroding price deterioration that otherwise might be more severe. Slight price improvement in the last few months of 1960 has been an encouraging sign in this direction. Turning briefly to a longer-term problem, it is clear that recent trends in the world's gold markets will force the new Administration to deal with this very serious situation—one that was too long ignored by previous Administrations—resulting from decreasing confidence in the stability of the dollar throughout the world. It has been a rude awakening for many to finally realize that "America, the land of unlimited riches," could not forever continue to spend more in the world's community of nations than she received in return from those nations. Unless we are to become complete isolationists, we must be more competitive with foreign nations, including interest rates we pay.

Deficits in our balance of payments have averaged in excess of $3.5 billion annually in the past three years. As a consequence, our "free reserve" of gold available to settle foreign claims, amounting to over $20 billion, is now about $6 billion. Approximately $12 billion is required by law to support our currency. To meet foreign claims and our own reserve requirements, our gold supply should be approximately $32 billion, or about $14 billion more than we currently have. If the dollar deficit is not promptly reduced in 1961, the "flight of gold" away from the United States could reach such proportions as to threaten our entire monetary system.

The corrective medicine is simple but unpleasant: balance the budget, stop inflation, and increase world confidence in the future strength of the dollar. These bitter pills may be particularly difficult to swallow. If the government should rush headlong into the easy money policy necessary to fulfill certain campaign promises, our nation—and the "new frontier"—will go nowhere but onto the treadmill of inflation.

Should the United States try to ride this treadmill very far into the 60's, while nations such as Japan and Western Germany continue to grow with little or no inflation, then depression and devaluation become greater and greater threats to our future.

LEE TALLEY

President, The Coca-Cola Company

It now seems apparent that 1960 will be the best year ever for The Coca-Cola Company, and we feel confident that the healthy growth trend the company has been experiencing in the last several years will carry over into 1961 and the years to come.

Lee Talley

Because of the wide distribution of its products, the soft drink industry reacts quickly to economic change, so naturally some have felt the effects of the business slowdown of recent months, plus one or two other worrisome factors, principally the unseasonable weather in a number of areas.

We are of the firm belief, however, that the current lull in our economy is the result of a periodic adjustment and should be short-lived. We have a growing population and a growing income and these are the basic ingredients of a growing, prosperous economy. Our optimism for the future is bolstered by the sales experiences in our own company. While reflecting occasional spells of sluggishness, the overall sales trend, as charted by our researchers, has been steadily upward. This is the case as we enter 1961. Despite economy soft spots, our business is up, area by area, throughout all the Free World in which we operate.

HON. OLIN E. TEAGUE

U. S. Congressman From Texas
Chairman of the Committee on Veterans' Affairs

During the past few years, we have witnessed a steady decline in the veterans' home loan program. A program which in 1954 produced 307,000 homes for veterans is expected during 1960 to produce only 80,000 such homes, despite the fact that there remain 15,000,000 World War II and Korean veterans who have not used their eligibility under the program.

Successful operation of the veterans' home loan program is, of course, dependent upon the cooperation of private banking interests. Even though the authorized interest rate has been increased several times over the years and now stands at 5¼%, it is apparent that the banking industry is not willing to invest significant sums in the loan guaranty program, undoubtedly because the return on other investments in now comparatively more attractive than in the past. At the beginning of the current Congress, I expect to introduce legislation which will stimulate activity in the veterans' home loan program through utilization of private pension trust funds of labor unions and public employee groups. Such legislation will provide authorization for issuance of veterans' home loan securities by the Administrator of Veterans' Affairs, to be guaranteed in full as to both principal and interest. Funds obtained through sales of securities would then be used in making loans to veterans who are unable to obtain financing through private banking channels. This bill would permit fund reservations by builders who propose to construct new housing. It would also make loans to veterans for new or used housing. This program would

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replace the present direct loan program and would supplement the guaranteed loan program.

It is expected that a program such as that which I propose would permit loans by the Veterans Administration on about 200,000 properties a year. The loan guaranty program is scheduled to expire on July 25, 1962 for veterans of World War II and on Jan. 31, 1965 for Korean veterans.

My proposal will not require an appropriation of funds; on the contrary, it is anticipated that it will be self-sustaining.

RUPERT C. THOMPSON, JR.

Chairman of the Board, Textron Inc.

The course of business for 1961 might well be that of 1960 in reverse: a sluggish beginning followed by an upturn in the second half. The consensus of the economists seems to be that the first months of the year will see a carry-over of the sideways and slightly downward movement of the past six months, with the business tempo picking up speed after mid-year. I agree with this assessment. Because of expansion into five basic manufacturing fields—almost evenly divided among automotive, consumer, defense, industrial and textile products—our company's volume has become a fairly accurate reflection of the movement of the economy as a whole. In the same manner, the combined forecasts of our more than 20 separate divisions may give, in capsule form, an insight into the general course of business in 1961. These forecasts generally are for a slowly increasing sales volume, but with a continuation of the pressure of rising costs which was so evident in most businesses during 1960.

R. C. Thompson, Jr.

We expect to continue our growth pattern established during the past five years which has brought Textron to its present $450 million annual rate of sales. This growth we plan both through internal expansion of our present divisions and through the acquisition of companies necessary in order to round out product groups and to enter promising new growth fields.

Its expansion program has brought Textron greater and more stable earnings, providing, as it has, a balance against cycles in any one sector of the economy. A number of other companies have been moving in the same direction, and I feel that this movement will be accelerated during 1961 and thereafter, with the diversified manufacturing—or multi-industry—company assuming increasing importance in the economy. Behind this trend is the realization by many progressive managements that their prime job is to increase stockholders' equity and earnings, and that in doing this they are often handicapped by staying exclusively in their traditional business fields. Often the best way to produce higher and steadier profits is by diversifying. In addition, diversification also provides the remaining avenue for expansion of many companies which have outgrown their markets or whose sales potentials have dried up because of technological changes.

While 1961 is probably too soon for it to happen, I believe this growing movement of companies across traditional industry lines will result in the establishment within the next few years of a new and important category of American business—the multi-industry company—to take its place beside such long-time manufacturing categories as steel, chemicals and automotive.

G. S. TOMPKINS

President, American Viscose Corporation

Sales of Avisco cellophane slightly exceeded 1959, a record year for the corporation. This was accomplished despite the stiffest competition from other types of transparent films cellophane has yet encountered, a downward readjustment of inventories by American Viscose customers, and the current business retrenchment.

G. S. Tompkins

The cellophane industry in general produced an estimated 440 million pounds of film during the year, up about 1%. The fact that cellophane was able to better 1959 despite the factors mentioned above, was due in part to the continuing growth of self-service retailing, and the increasing use of cellophane in combination with other type films. Other reasons for the successful year can be attributed to the continued favorable reaction to such packaging techniques as "multi-pak" and "bundling," new portion packaging methods, plus a total increase in the packaging market. It is expected that 1961 industry production will be increased by about 10 million pounds.

Despite competition from other man-made fibers, rayon and acetate still have a commanding lead in world consumption. Eighty per cent of all man-made fibers produced in the world is rayon. In the U. S. alone, about 40% more rayon and acetate was produced during the first nine months of 1960 than all other man-made fibers combined.

At the present time the annual U. S. production rate of rayon and acetate is well over the billion pound mark.

With the opportunity present to engineer rayon and acetate fibers for specific end uses, American Viscose, as the world's largest producer, feels the long range outlook for the cellulosic fiber business offers every reason to expect a continued growth in the years ahead.

Rayon fiber developments are also opening up new applications in industrial areas as well as in the apparel and home furnishings fields. A new Avisco rayon fiber, RD-101 is gaining interest for paper products and non wovens because it makes possible for the first time, the manufacture of "paper" from 100% man-made fibers without the necessity of adding pulps, fillers or bonding agents.

Rayon fibers are proving ideal for use in hospital surgical supplies because of their absorbency, whiteness, softness and cleanliness. These are highly desirable for use in nonwoven dusting cloths and wet cleaning cloths because of lint-free, soil resistant, easily washable characteristics. Avisco fibers are finding important uses in automotive seat covers, all types of coated fabrics, filtration products, heavy belting and hoses, laminates, abrasives, electrical products, reinforced packaging tapes and many other industrial uses.

Sales of rayon yarns and fibers in the industrial field, exclusive of tire yarns, compared favorably with the high level of 1959. This area continues to be one of the most promising areas for future growth.

"Tyrex" rayon yarn and cord is being used again in tires for original equipment by automobile manufacturers on all 1961 models. In the trucking field, independent testing is confirming the fact that truck tires made from "Tyrex" rayon yarns are furnishing much higher mileages. American Viscose expects sales of "Tyrex" yarn and cord to improve during the coming year.

One of the most promising features of cellulosic fibers and films is their inherent ability to be engineered for specific end uses. These features assures the country of a continual flow of new and better cellulosic products.

WALTER J. TUOHY

President, The Chesapeake & Ohio Railway Company

American railroads generally, and the Eastern railroads in particular, face in 1961 the year of great test. The crucial issue is whether the railroads can move fast and effectively enough in three main areas where their future rests:

(1) Pricing policies must be modernized so railroads will cease losing business to competitors and regain lost business at a faster rate than in the past.

Walter J. Tuohy

(2) Additional major economies from known technical innovations are getting less and less. This leaves mergers among railroads as a large remaining source of economies and expansion. If the railroads fail to recognize the inevitability of merger and the need to move faster in this sphere, they are going to find themselves in increasingly critical condition. Statesmanship in the industry itself is vital to industry success.

(3) Railroad properties must be maintained at adequate levels to avoid further attrition and to prepare for traffic upturns. For the last three years many railroads that have had fat on their bones have been living off it. That they can do this for another year without fatal results is doubtful.

At this time last year we on C&O were looking for traffic increases of from 6% to 10% as compared with 1959. At the time there were many predictions that the steel industry deficiencies resulting from the 116-day strike would not be made up until mid-year. As things turned out, however, the industry caught up with demands within three months after the strike was over. Thus, our 1960 revenues will be little different from those of 1959. In 1959, net income was $46 million equal to $5.60 per common share.

Looking ahead to 1961, it appears that it will require only a small part of the predicted upturn in the latter half of the year to raise C&O's revenues well above the 1960 level. We can see no reason why this shouldn't happen. During 1960 we continued to give priority to improvement programs aimed at cost reductions. Thus, with our property in good condition, we should be in a position to carry down a larger share of the anticipated increase in revenues to net income.

C&O is doubly fortunate in the character of the area it serves. Not only is industry locating in ever increasing numbers in the territory served by the C&O, but the area also contains tremendous reserves of the nation's finest high-quality coals. Notwithstanding fluctuations in current business levels, coal promises to continue as a vital mainstay to the economy.

We, who are charged with the management of the C&O, have maintained an adequate fleet of cars of all types to handle traffic generated in our area. C&O's continued growth is being achieved without any sacrifice in financial strength. At the end of 1959, working capital was a record $61 million, more than double the 1945-1949 average. Cash and short term investments of $60 million were also well above the average of the 1945-1949 period. We expect both working capital as well as cash and short term investments to achieve new records for 1960 on the C&O.

During the year, C&O moved to affiliate and merge with the Baltimore and Ohio Railroad under a stock exchange plan. When the deadline for the exchange of stock passed on Dec. 14, C&O had received over 55% of the total B&O stock. The owners of the B&O have shown they believe in the merits of affiliation as a first step to full merger of the two roads. Association between B&O-C&O has been described as a "natural" that would best serve the interests of shareowners of both companies, employees and customers, communities and the public. The B&O shareowners' decision follows a seven-month period during which an exhaustive presentation of viewpoints was made by the three railroads involved. The shareowners have chosen.

Certainly, well-thought-out, mutually beneficial unifications for the carriers are needed progressive steps in the strengthening of our rail transportation system. One hundred thirty railroads in America are just too many. We believe that benefits in the form of increased traffic revenue produced by more effective competition with other transportation agencies and more intensive exploitation of opportunities through cooperative effort combined with savings in operating expenses could, over a period of time, produce a substantial increase in net income of B&O and C&O. This belief was stated in our petition to the Interstate Commerce Commission for authority to move towards merger with the B&O.

We further believe that the proposed transaction will bring about an improvement in the furnishing of adequate transportation service to the public. In fact, for the first time in recent years a Pocahontas carrier having good earnings has agreed to a first step leading to merger with a large eastern railroad not having comparable earnings. Mutual advantages and substantial constructive benefits to the transportation system, especially in the East, will promptly follow. This affiliation can be the forerunner of a prompt three or two party system in the East—something talked about and needed for decades but still existent only in the theoretical stages. The B&O-C&O affiliation, already affirmed by the majority of shareowners of both railroads, will put theory into practice.

JOHN J. TUOHY

President, Long Island Lighting Company

The 1960 population data recently released by the United States Bureau of Census confirmed our estimate of the growth in Nassau and Suffolk Counties during the last decade. The combined population of these counties rose 106% to 1,952,000 persons at April 1, 1960 and the increase of 1,003,000 persons was greater than the increase in all the rest of New York State. The Area Development Council of the Long Island Association has predicted that a similar increase will occur during the 1960's. Despite the fact that Nassau is now the most populous county in the State outside of New York City, the number of persons per square mile is but one-fourth that of adjacent Queens County while density in Suffolk is only one-sixth that of Nassau.

John J. Tuohy

We anticipate that this growth, coupled with our own efforts to increase consumption of both electricity and gas by existing customers, will result in future increases in demand at a rate at least equal to that in recent years. Our estimates indicate that by 1965 the maximum demand for electricity on our system will have risen more than 400,000 kw and will total over 1.5 million kw. A 2.0 billion kwh increase in energy requirements will raise annual generation in that year to over 6.5 billion kwh. The aggressive promotion of gas for space heating has resulted in the installation of this equipment in over 80% of all the new homes built where gas is available, during the last two years. We estimate that sales will increase to about 31 billion cubic feet, nearly 12 billion cubic feet above current levels.

We are continuing to successfully meet the problems of increasing wages, taxes and costs by new methods, increased productivity and technological advances. The success of these efforts in the past is evidenced by a decline in the number of employees since 1953, although sales and revenue have more than doubled in the seven year period. The benefits to our customers are reflected in the improved quality of service at lower cost. Although the cost of living has more than doubled since 1948, our electric rates are down 10%. In addition, the consumption in the average home on Long Island has more than doubled, further reducing the unit cost. Our investors have benefited by increased earnings per share in each of the last 8 years accompanied by six increases in the dividend rate since 1951. We fully expect that the growth predicted for our service area will result in further improvements in earnings.

G. W. VAN DERZEE

Chairman of the Board, Wisconsin Electric Power Company

Despite intermediate fluctuations in the general business barometer, neither the 1960 results nor prospects for 1961 seem to herald a halt in the long-term advancement of the electric utility industry. A plus factor in this prediction is to be found in the steady growth of sales of electric service to our residential, rural and small commercial customers. Revenues from these sources aggregate about 70% of our total electric service revenues.

G. W. Van Derzee

In 1960, we completed the second year of a four-year $155 million construction program which was undertaken with confidence that factors responsible for the steady growth in the use of electric service will continue. Largest item in our long-range program to improve and augment production, transmission and distribution facilities is our Oak Creek power plant on Lake Michigan where we placed a fifth unit of 275,000 kilowatts

capacity in service during 1959 and will complete a sixth unit of 275,000 kilowatts late in 1961. When completed, the plant will have a capacity of 1,050,000 kilowatts.

At present there is no foreseeable limit to the influx of new and better ways in which electricity can be used to make life easier and more profitable on the farm, in the home, in business and industry. In 1960, the success of our Medallion Home program provided evidence of the mounting popularity of all-electric living. Results of national and local educational and promotional programs are reflected in the fact that increasing numbers of people who build or buy are insisting on homes of Medallion standards — homes complete with modern wiring, modern lighting and modern electric appliances —including electric ranges and electric water heaters.

Another bright star on the horizon is the growth of interest in electric heating as the most modern of all ways to heat homes or buildings. In 1960, our efforts to promote this new and increasing business included a new lower step of the residential rate to encourage electric house heating, a budget billing plan and a comprehensive training program for electrical heating contractors. It is entirely possible that in the years ahead electricity will become the most popular way of all to control indoor climate on a year-around basis.

Generally, the new St. Lawrence Seaway continues to have a stimulating effect upon the business climate of the Great Lakes area. Milwaukee's outstanding harbor facilities stand as an attractive gateway to the industries and business enterprises within our operating area where a wide diversification of economic activity includes modern electrified farming as well as the business and manufacturing activities of many small communities and large industrial centers.

HON. FRANCIS E. WALTER

U. S. Congressman From Pennsylvania
Chairman, Subcommittee on Immigration and Nationality House Committee on the Judiciary

When the victorious Allied armies occupied Germany in May of 1945, they found over 11 million human beings uprooted by Hitler's war machine and the Communist conquests in Eastern Europe. The military administration, the United Nations Relief and Rehabilitation Administration (UNRRA), and the International Refugee Organization (IRO) faced the monumental task of repatriating close to 9 million Frenchmen, Belgians, Dutchmen, Poles, Czechs, Slovaks, etc. By the end of 1945, however, it was already clear that close to 1.7 million Eastern Europeans would refuse to be repatriated to their countries which became part of the new Soviet empire.


Francis E. Walter

Thanks to the leadership of the United States, which in the post-war years offered its hospitality to close to 900,000 displaced persons, refugees and escapees, the task of assisting this mass of humanity to be integrated in the economies of Western Germany and Austria or to be resettled overseas had been well on its way to completion by 1951.

However, another problem arose to challenge the free Western World, the problem of "surplus population," an ugly definition meaning that there were too many people in Western Europe for whom work and opportunities for a decent livelihood could not be found in their own countries.

At the same time, many overseas countries—Canada, Australia, and several of the Latin American Republics —had indicated their interest in acquiring new settlers in order to increase their agricultural and industrial productivity while the United States, although not in need of more immigrants for economic reasons, had kept its door reasonably open to the victims of calamities and persecutions as well as to the reunion of separated families.

In the late summer of 1951, I gathered in my office a few officials representing various agencies of the United States Government and submitted to them a tentative plan calling for the creation of an organization designed not only to take over the functions of IRO with respect to surface and air transportation of refugees and displaced persons, but also to build an efficient machine capable of stimulating and carrying out migratory movements from Europe to overseas countries.

My idea was to create an intergovernmental organization, outside of the United Nations, for the obvious purpose of eliminating Communist interference and the presence of Communists on the staff, and to offer to the countries of emigration and immigration an efficient shipping service as well as a clearing house and an honest broker in developing new resettlement opportunities, new methods of financing of migratory movements and assistance in selection of immigrants and their vocational preparation for migration.

In a series of sessions, which continued in my office for about two months, my plan began to take shape and before the year 1951 was over, we succeeded in obtaining the cooperation of the government of Belgium, which invited 27 governments to participate in an international conference to convene in Brussels.

After three weeks of intensive work, a provisional organization—later made permanent—was created. The free world has been equipped with an instrumentality, the Intergovernmental Committee for European Migration, which by the spring of 1960 has moved to new overseas homes one million European migrants, nearly 45% of whom were refugees.

Forty percent of all emigration from Europe proceeds now through ICEM facilities. The largest number of emigrants moved by ICEM came out of Italy, with Western Germany, Austria, Netherlands, Greece, Spain, and others following in that order.

The principal receiving countries were Australia, United States, Canada, Argentina, Brazil, Israel, Venezuela, with Chile, Colombia, Rhodesia, and Nyassaland, New Zealand, South Africa, Uruguay and others sharing in the resettlement effort.

The migration of over one million people who—let me stress that point—in the absence of ICEM's assistance would not have been moved from Europe to the countries of resettlement, has been achieved at the expense of $238,476,825, of which $79,545,069, a 33% share, has been contributed by the United States of America.

The year 1961 brings with it an intensified drive to close the few remaining refugee camps in Europe. A new law which I have sponsored last year, commonly referred to as the "Fair Share Law," will bring to the United States 25% of the refugees accepted for resettlement by other countries of the West since July 1, 1959, thus expediting the final effort to liquidate the European refugee problem as we have known it since 1945.

The Intergovernmental Committee for European Migration is now well equipped to devote all of its efforts and the invaluable capital of experience gained in the first nine years of its existence to the other important task, namely, the supplying of underdeveloped countries of the world with suitable, badly needed pre-trained manpower, a truly rewarding task for an organization which has well earned its place in the community of free nations.

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FRANK M. WARREN, JR.

President, Portland General Electric Company

In spite of the apparent slowdown in the economy of the Northwest, 1960 ends as a banner year of growth for the electric utility business. While our industrial growth here did not come up to expectations it was more than compensated for by the explosive growth in the residential market and its allied commercial expansion.


Frank M. Warren

During 1960 our Company spent $12,084,000 on general construction and we plan to spend approximately $16.5 million for the same purpose during 1961—a figure which does not include expenditures for starts on new generation facilities.

Residential construction showed signs of slowing down during the past 12 months and it appears that trend will continue into 1961. Residential growth forecasts for the coming year might be as much as 30% below 1960, but in spite of a residential construction downtrend, Portland General Electric Company can look forward to steady growth for the next 12 months.

Operating revenues are expected to increase 5.8% or $2.5 million through increased sales and the addition of new customers.

In general, I feel we can look forward to a bright future concerning the industrial growth of Oregon. At present this area, because of its geography, raw materials and labor supply, is ideally suited to specialized industry. The expansion of electronic equipment manufacturing, packaging materials and particularly paper, as well as specialized lumber products, is expected to increase during the next decade. Also, trends in population growth are such that within the foreseeable future, Oregon's market potential will have reached a point wherein new industries will be attracted at a more rapid rate.

MAYNARD C. WHEELER

President, Commercial Solvents Corporation

At some point this year, the nation's business can be expected to reverse its current trend and start upward again. How soon this will happen, and to what degree, depends in large measure upon the actions which consumers, all levels of business, and the government take to demonstrate the faith and confidence they should have in the soundness of the U. S. economy.


Maynard C. Wheeler

Many companies will advance during the next 12 months. The extent of their progress will be determined largely by the ability of their organization teams to meet and beat stiffening competition from domestic and foreign companies in the U. S. and in overseas markets.

The chemical industry, like most of the economy, experienced a slackening in the latter part of 1960 that continued into the new year. There was the normal spotty pattern of overproduction in some chemical lines, with the usual effects on markets and prices. As users replenish depleted inventories, these soft spots should be eliminated. The startup of more chemical production facilities in 1961, and the possibility of delayed improvement in some areas of the economy, are likely to lead to new soft spots in our industry.

Price rises on many chemicals are likely to occur once the upward swing of the economy gets under way. These will help to offset the profit squeeze which is still taking effect in many segments of the chemical business.

With the resurgence of confidence, the chemical industry should experience a broader outlay for capital expansion to meet the projected needs of the latter 1960's. At Commercial Solvents, we expect to invest considerably more in capital expansion programs during the next five years than we have during the past five years.

To my mind, the United States has entered the most challenging period of its growth in world trade. Nations that trade with one another aid one another. The security of the free world may very well depend upon relationships of this nature.

In 1961, U. S. exports must be encouraged to increase. The investments of American companies abroad must continue to grow steadily, and the level of imports must rise, in accordance with the needs of people here and in other countries. Monetary restrictions and the like must not be permitted to interfere with our efforts to develop closer ties with businessmen around the free world.

The outlook for 1961 certainly includes broad opportunities for American business enterprise to work in the mutual best interests of the people of the United States and the world.

HON. CARL VINSON

U. S. Congressman From Georgia

On January 20, 1961, a new, vigorous, imaginative, and highly intelligent Administration will assume the responsibilities of leadership of the American people. This new team of President-elect John F. Kennedy and Vice-President-elect Lyndon B. Johnson, working together with a Congress composed of a majority of their own party, will assume full responsibility for the direction and progress of the Nation, and, quite possibly, the Free World, for at least the next four years.


Hon. Carl Vinson

The vigor and imagination of this new team will certainly act as a tremendous stimulus to the economy of the Nation.

At the same time, the Nation is faced with serious problems that will not be solved over night. The depressed attitude of the international community toward the leadership of America must be overcome. The outflow of gold from Fort Knox must be retarded. In a period of prosperity, abnormal unemployment must be eliminated. And finally, the mal distribution of industrial production must be overcome.

Thus, the problems of international finance, unemployment, prestige, and a natural inertia during a period of adjustment from one administration to the next, must all be factors to be considered in the business outlook during the next few months.

However, this will be offset to a considerable extent by the dynamic proposals that will be set forth by the new Administration in its first few months in office.

It would appear that our economic outlook for 1961 will undoubtedly be one of high optimism, although the full impetus of the new Administration's proposals and their effect upon the economy will probably not be felt until late in 1961 or early 1962. However, the impact of the new Administration upon our international relations will undoubtedly be enhanced almost from the very first day the new President and Vice-President take office. In fact, it is already being anticipated.

America, in my opinion, can look forward to four years of progress, four years of prosperity, and four years of peace. This will come about because of a new vigor and a new confidence that will become apparent as this new Administration assumes the responsibility of world leadership.

THOMAS J. WATSON, JR.

President, International Business Machines

In spite of the adjustments now going on in the U. S. economy, I think that 1961 can be a good year for business provided that American businessmen and the American people at large face up to their problems realistically and courageously. The economy seems to have passed over from the inflationary era of the 1940's and 1950's into a period of relative price stability and greater competition. We have passed from a seller's to a buyer's market. Now at the beginning of this period we are in an economic slowdown, and we are faced with the more serious problem of the continuing deficit in our international balance of payments.


T. J. Watson, Jr.

To face these problems realistically, in the new business climate, business must provide newer and better products at reasonable prices and do a better selling job both here and abroad. If business performs this task, I believe that our major economic problems will be solved satisfactorily. Fortunately, personal incomes are holding up well and the American consumer can be expected to respond to better products and better salesmanship strongly enough to give an upward thrust to the economy in 1961.

With regard to our balance of payments problem, we know that it cannot be solved by reducing our commitments abroad; this would be disastrous. In addition to steps being taken by our government, the best way that we can improve our balance of payments deficit, while maintaining our important foreign commitments and our world leadership, is to expand our foreign markets. This requires American business to produce better products for our foreign customers and to do a better selling job abroad. This requires a larger segment of American business to export, to get into foreign markets. I am confident that American business can and will meet this challenge.

I am also optimistic about the office equipment industry. As in other capital goods industries, new orders for office equipment are usually reduced by the sort of economic adjustments now going on; however, statistics to date indicate an increase in orders for 1960 20% above the previous year. Orders for the more dynamic data processing equipment are running much higher than for the industry as a whole, and orders for new solid state electronic data processing systems are running higher still.

Industry backlogs are high, and production of office equipment should remain high in 1961. Economic adjustments spur cost reduction drives and new office equipment is an important way to trim costs. New computer technology is serving as a catalyst. Teleprocessing systems promise a great breakthrough, providing equipment connecting remote points by wire or radio beam to central computers. These systems are particularly useful to large organizations spread over the country. New product and systems research is pushing back the horizons of optical character sensing, language translation by machine, as well as the continued expansion of the computer concept to industrial process control.

All these factors promise new industry growth in the year ahead.

SAMUEL W. WHITE, JR.

President, Oliver Corporation

Farm and construction equipment markets should show moderate improvement in sales and earnings in 1961 over the past year. We expect to gain an increased share of the improving markets. Anticipated increases in farmer replacement buying, and new capital outlay, should account for a 5 to 10% rise in retail agricultural equipment sales the coming year.


S. W. White, Jr.

Expected pickups in highway construction and in industrial, school, church, and home building are contributing factors to probable similar increases in crawler tractor and other construction equipment sales.

There will be a continuing cost-profit problem for farm and construction equipment makers, but it is likely that moderate sales increases will be accompanied by a moderate earnings rise. Unusually bad spring weather, low commodity price levels, and uncertainty of future government policies contributed to a "wait and see" attitude on equipment buying by many farmers in 1960. With a hope for more normal weather conditions and no present indication of revolutionary new farm policies, many farmers are likely to revert to their usual buying habits in replacement and new capital purchases.

We expect to increase our sales in foreign markets in 1961 but such markets may not be quite as good generally because of growing competition abroad. Oliver will continue to compete successfully in such overseas markets as Australia and Latin America through our own facilities there. Increasing U. S. Government interest in helping Latin Americans develop their economies could be a real stimulant.

Too, government action to reduce exporters' risks in financing long-term overseas business could contribute substantially to the foreign business of U. S. farm and construction equipment manufacturers.

Our product engineering program is being stepped up to meet the need for high-efficiency, high-capacity equipment on farms that are decreasing in number and increasing in size. We have instituted our biggest program ever in sales assistance to dealers and distributors and in expansion and improvement of service for farm and construction equipment users. We expect the result to be greater penetration in all of our markets.

The company operates farm equipment plants at Battle Creek, Mich.; Charles City, Iowa; Shelbyville, Ill., and South Bend, Ind. and markets and services Oliver crawler tractors made in Cleveland.

W. J. WEBB

Vice-President, Outboard Marine Corporation
Division Manager, Evinrude Motors

While 1960 was not the best of all years for the outboard motor industry, it has been one of the best. From a long range point of view, we have continued to show solid growth. To help boating continue its phenomenal growth in 1961, the industry has launched a six-point program. The plan calls for:

— increased efforts in developing dealer training programs,
— the improvement and expansion of boating facilities,
— engineering research to make the boating package more compatible,
— renewed efforts in educational and legislative projects,
— to maintain boating's remarkable safety record, and
— research on distribution problems.

Our industry—the manufacture and sale of outboard motors — is the largest single segment of the overall recreational boating industry. To evaluate the role of our company is to know the entire industry.


W. J. Webb

Total dollar volume and retail sales of new outboard motors, outboard boats and trailers reached $442,000,000 in 1960. These figures were consolidated and reported by the Outboard Boating Club of America. This compares with $466,000,000 in 1959 and $421,000,000 in 1958. Unit volume of motors totaled about 510,000 for 1960 compared to 540,000 in 1959, but up from 504,000 in 1958. Total dollar volume in motors was approximately $243,000,000 compared with $255,000,000 in 1959, but up from $234,000,000 in 1958.

Approximately 300,000 outboard boats were sold

during 1960 with a total dollar volume of $165,000,000 as compared with 329,000 units at $172,000,000 in 1959. The 1958 unit volume was 316,000 and the dollar volume $153,000,000.

Boat trailers reached a unit volume of 160,000 in 1960 compared to 186,000 units in 1959. A total of 178,000 were sold in 1958. Dollar volume for trailers showed $34,000,000 for 1960 as compared with $39,000,000 in 1959 and $34,000,000 in 1958.

In our own corporation consolidated sales for the 1959 fiscal year totaled $171,391,968, down only $177,276 for 1959, while earnings of $12,568,316 in 1960 compared to 1959 earnings of $13,784,974.

The principal causes for the decline in earnings were the steel strike of last winter, higher than normal tool costs, intensified selling and advertising effort and an expanded program of product development.

With only between 4 and 5,000,000 outboards in use, saturation of this market is not in sight. Truly there is a need for development of further boating facilities—surface areas, storage placing (wet and dry) and launching ramps—to provide recreational locations for outboard enthusiasts. Our corporation is working with Conservation Departments and Fish & Wildlife groups to increase fishing prospects and to enlarge recreational facilities. We have one great advantage over advocates of other forms of outdoor recreation. In this era of exploding populations we have just about run out of land for recreational use. We can't create more land but we can create more recreational waters. This can be done in a number of ways. By cleaning up polluted waters, making usable waters navigable which are not now, and through making existing waters more available through improved access.

Through continued programs of bold planning and hard work which contributed to the corporation's spectacular growth in the last decade, we will be able to participate fully in the promise of the '60s.

S. D. WHITEMAN

President, Kansas-Nebraska Natural Gas Co., Inc.

I would be inclined to say that 1961 held much promise for the natural gas industry, were it not for several question marks that loom large on the horizon. All relate to the attitude and policies of the new Administration which takes office in Washington this month. My first and foremost concern is how far this new Administration intends to go in placing more control and responsibility in the hands of the Federal Government—a move which of necessity would mean a weakening of our American system of private enterprise.


S. D. Whiteman

My more specific concern relates to the attitude which the new Administration might take toward two matters that directly concern the natural gas industry.

First is the matter of Depletion Allowances. These are the means whereby the oil and natural gas industries find their incentive to continue drilling new wells in the face of dry hole after dry hole. Depletion Allowances are our life blood. Yet leaders of the new Administration have indicated a leaning toward a downward revision of these Depletion Allowances; unanswered at the moment is the exact nature and extent of their suggested adjustment in these allowances. I can only trust they will see the wisdom of allowing them to remain as they are and provide the continued incentive the oil and natural gas industries need to pursue the search for new fields of oil and gas.

The second concern on my part relates to the possibility of a legislated National Fuels Policy. Again, the new Administration has declared itself sympathetic toward such a proposal. And again, such a proposal would work to the detriment of the natural gas industry as well as the oil industry. Such a legislated National Fuels Policy, proposed by competitive fuel interests, would seek to control the use of oil and gas through national legislation. Their argument is that reserves of oil and gas are diminishing and the use of these vital fuels should be "conserved" through legislative control. Nothing could be further from the truth! The truth is that oil and gas reserves are continually increasing, even in the face of ever increasing use.

Furthermore, we already have an entirely adequate national fuels policy—that of allowing the American people to select the fuel they desire under a system of free enterprise and rightful competition. Again it is my earnest hope that the new Administration will see the wisdom of allowing this present policy to continue in operation.

There was a time—less than a 100 years ago in fact—when natural gas was thought to be good only to push oil out of the ground. That picture has of course changed immensely. Today, the natural gas industry has come of age. Proof of its "growing up" is found in the fact that during 1960, according to American Gas Association estimates, the natural gas industry spent over $2¼ billion in new construction!

It is my earnest wish that the Federal Government will allow this healthy growth to continue, to the betterment of all this country's citizens, and under a continued system of private enterprise.

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Adult Courses In Investing

The New York Stock Exchange has reported that some 54 adult courses in securities and investing have been scheduled for the winter-spring term in the New York area.

The courses — 25 in the basic series and 29 in the Exchange's new more advanced series—start this month and next at evening schools, libraries and community centers in New York City, Nassau, Suffolk, Westchester and Rockland counties, and nearby New Jersey and Connecticut.

This is the seventh year the courses have been offered locally and nationally through Investor's Information Committees organized by the Exchange with speakers from Member Firms. The program is bringing securities and investing instruction to some one million persons annually across the country, exclusive of radio and television audiences.

Developed by the Exchange as part of its broad educational effort, the courses are conducted by volunteer members of the Investors' Information Committees that have been organized in 95 city areas around the country. In the New York Metropolitan area, some 300 partners, analysts and registered representatives of more than 100 Exchange Member Firms serve as lecturers.

The courses consist of eight or nine weekly sessions of 90 minutes each, divided into lectures and question periods. Literature, films and other visual aids are provided by the Exchange. There are no charges, other than small registration fees set by some of the evening schools.

Material covered in the advanced courses includes: how economic indicators are useful to investors, government finance and the Federal Reserve System, investment characteristics of specific industries, and portfolio management. The basic course covers such subjects as types of securities, how to read the financial page of a newspaper, how to interpret financial reports, and sound methods of investing.

The Exchange will help schools, libraries, professional societies, management-employee groups and other organizations arrange and schedule the courses at any time during the year. Details may be obtained by writing to the Investors' Information Program, New York Stock Exchange, 11 Wall Street, New York 5, N. Y.

Tech Labs. Com. Stock All Sold

Pursuant to a Dec. 22 offering circular, Carroll Co., of 150 Broadway, and Fialkov & Co. Inc., of 63 Wall Street, both in New York City, offered and sold 84,000 shares of the 10c par common stock of Tech Laboratories, Inc. at $3 per share.

The net proceeds, estimated at $213,550, will be used for general corporate purposes including new equipment, additional engineering, sales, and storage facilities, new plant for Dust Brick Corp., an 80% owned subsidiary, and working capital.

Tech Laboratories, Inc., with offices at Bergen and E. Edsall Boulevards, Palisades Park, N. J., was incorporated in the State of New Jersey on Jan. 2, 1947. The company is engaged in the engineering, manufacturing and sale of precision electrical resistance instruments and electronic devices for computer and control uses. These take the form of high-quality components and test equipment for the electronics industry.

The Really Vital Issue

"The prime key to the improvement of the administrative process is the selection of qualified personnel. Good men can make poor laws workable; poor men will wreak havoc with good laws. . . . **Good men are primarily attracted by the challenge inherent in a job. Salary is a secondary consideration, provided only that it is high enough to enable them to meet reasonable standards of living comparable to their positions in the society. Our universities have known and, indeed, traded on these facts. Tenure is another consideration of more importance than salary, for with tenure goes independence and the opportunity for long-range planning.**"—James M. Landis in report to President-elect on Federal regulatory agencies.


James M. Landis

These comments refer primarily to the Federal Power Commission, but we are sure that the author would agree that they are equally applicable wherever "improvement of the administrative process" is needed.

The really disturbing question about all these agencies is whether we have bitten off much more than we can chew. Have we not taken far too much from the jurisdiction of natural forces—or tried to do so—depending far too greatly upon the limited wisdom and capacity of a few men?

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CHARLES H. WHITMORE

President, Iowa-Illinois Gas & Electric Company

There is a marked contrast between the psychology of the business community now and that of a year ago as it looked forward to the new year. A year ago we were looking at an extremely favorable comparison of 1959 with 1958 and anticipated a pent-up demand due to the steel strike. Expectations were high but they were not realized. Now, caution is the rule and expectations for 1961 are modest.

Charles H. Whitmore

Actually, 1960 was a pretty good year. Unfortunately, as it progressed, the disappointment of not living up to the high hopes for it changed to a sideways, then a sliding, and there is some downward momentum at the end. Meeting pent-up demand and rebuilding the economies of the world gave us a prolonged sellers' market for the past 15 years. Small wonder that this unusual impetus is petering out and we are back to a more competitive era. In this community, at Sept. 15, employment was 99,900, a decline of 5,025 or 4.8%. Of this decline, 3,800 was in the farm implement industry. In the same period unemployment rose from 3,250 to 5,300. Since a 1.6% increase in electric customers rules out the possibility of any outward movement, the 2,050 variation between the employment decrease and the unemployment increase may mean less moonlighting and a decline in multiple workers per family. After September, the employment situation is probably slightly worse rather than better.

In the Quad-Cities for the first 11 months of 1960, total building permits had a dollar value of $36,678,000, 1% under the like period of the previous year. These building permits included 1,135 residential units including apartment units, 10½% up from the previous year. However, unless general conditions improve earlier than expected, construction in 1961 will probably be lower than in 1960.

F. R. WILLS

President, General Acceptance Corporation

While the economic picture shaping up for 1961 is not clear cut, economists tend to agree it will reverse the pyramid pattern established during 1960. They are projecting that the business sequence of the past few months will level off by Spring, and from there the economy will start an upward climb that will continue throughout the remainder of the year. Of an even brighter cast is the outlook for the finance industry. Although consumers are more inclined to avail themselves of instalment credit during periods of unquestionable prosperity, there are several forces in the economy which should have a benevolent effect on the finance industry and enable it to chalk up another good—or prehaps record—year. Here are several factors which favor our prospects during the next 12 months: (1) Automotive manufacturers have projected an optimistic sales picture for the coming year. While their prediction that 1961 automobile sales will match or exceed the 6,700,000 units sold during 1960 may not materialize, the industry should enjoy a reasonably good year. In our estimation, unit sales will amount to at least 6,000,000.

F. R. Wills

(2) Since May of last year, the money supply has been increasing steadily, with attendant reductions in interest rates.

(3) Despite increased unemployment, consumer disposable income remains at an all-time high.

(4) Some states are expected to adjust upward the maximum allowable interest rates charged by finance companies, while others may increase the maximum loan ceilings.

Even more basic to the continued prosperity of finance companies in the year ahead is the fact that today instalment credit is tightly woven into the fabric of American life. This is evidenced by the industry's spectacular growth since the end of World War II. In 1946, the volume of outstanding instalment paper in this country totaled $4.2 billion. By the end of October, 1960, it had risen to $42.2 billion, more than a ten-fold increase.

At General Acceptance, we have been operating on a parallel growth course. A decade ago, our gross volume amounted to about $60 million. By 1959, we had a gross of $274.8 million, the highest in the company's history, and preliminary figures indicate we exceeded that record in 1960.

Two of the principal ingredients in GAC's steady growth over the years has been our close attention to operating efficiencies and a vigorous acquisition and expansion program. Additional progress was made in both these areas during 1960.

The scope of both our finance and insurance operations was expanded last year with the acquisition of the Consumer Finance Corporation of America in Denver, and the Southern General Insurance Company of Atlanta. Consumer Finance alone added to our national network 28 offices in seven states, three of which represented new marketing territory for the company. At the present time, GAC maintains a total of 235 offices in 31 states and we fully expect these figures will continue to rise.

Last year also marked our entry into the growing market for pleasure boat financing. We accomplished this by forming a new subsidiary, the New England Marine Financing Company, Inc., which provides financing for boat purchases on both the retail and wholesale level. Since boating is the nation's largest participant sport, we anticipate this subsidiary will add substantially to our volume and income in the years ahead.

To sum up, if predictions for 1961 by the nation's economists prove correct, the next 12 months should be moderately successful for business in general. As for the finance industry, with the momentum of many years of growth behind it and with several important factors working in its favor, it could well move on to further gains.

HARLESTON R. WOOD

President, Alan Wood Steel Company

With the steel industry currently operating at approximately 50% of rated capacity, it is rather difficult to see just what lies ahead in the coming months. It is our feeling that all producers are faced with several months of continued low production, but we do believe that an upturn is in the air, if not immediately within sight. To be more specific, we believe that the steel industry should return to "normal" conditions, or an operating rate of from 75% to 80% of rated capacity, by late spring or early summer. Furthermore, we look for the first signs of this pickup by late winter or early spring. Our optimism is based chiefly upon a careful study of the normal pattern of recent recessions which have been of about one year's duration. Since the current difficulties of the steel industry commenced several months after the end of the steel strike last January, we think that the downward cycle has about run its course.

Harleston R. Wood

While, at the conclusion of the strike, there was considerable talk about a price increase coupled with a 3½% increase in labor costs effective Dec. 1, 1960 there seems little likelihood of any substantial increase at present. This is chiefly because the forces exerted by competition from foreign producers, other materials and general economic conditions will not permit continued increases in the price level such as we have experienced since the end of World War II.

Fortunately, the new industry-wide labor contracts provide for a much smaller increase in wages than the 7½% annual average for the past 10 years. This will give the steel companies a fighting chance to meet the current wage boost through a corresponding increase in productivity. While we are faced with 3½% higher wage costs over the next ten months, during the past 10 years the industry has averaged about a 3% yearly increase in productivity per man hour.

As far as competition is concerned, the steel industry at present is feeling the adverse effects of heavy foreign imports, the substitution of such materials as plastic, glass and aluminum for steel, as well as another factor which is little recognized—competition from within the steel industry itself. This is a case of the steel companies producing fewer tons of steel to do the same job. Examples are the introduction of new high strength steels to replace mild carbon steel, and the rolling of new thinner plate to replace conventional plate for tin cans. In many cases, one ton of these new steel products displaces as much as two tons of standard grades and amounts to a considerable factor in the total steel production picture.

Because of this competitive situation, many companies are racing to bring out new alloys to capture as large a share of the existing market as possible. For example, Alan Wood Steel Company has recently announced three new alloys: AW AL-TEN, AW Dynalloy-45 and the AWX series. All three offer special qualities not available in existing grades of carbon steel and should open new marketing opportunities for the company.

These steels are being introduced in anticipation of completion of Alan Wood's new blooming mill and wide plate mill, which are scheduled to be in operation by July 1. Furnished with the most modern equipment obtainable, the new mills will be able to produce steels in qualities which the company's older mills are incapable of handling. Our competitive situation will be further strengthened by the production of greater widths, lengths and thicknesses of plate on our new rolling equipment.

The new plate sizes will be particularly well suited to the shipbuilding industry which in the past has been a small factor in our product mix. An increase in shipbuilding activity is evident in the Delaware Valley area as demonstrated by the recent award of a large contract for three merchant vessels to Sun Ship Building Co. In addition, both New York Ship and Newport News Ship Building and Drydock Co. are actively bidding on new government contracts, and we expect to be in an excellent position to benefit from this potential steel plate business.

Further strengthening our marketing situation, 1960 saw the start of commercial manufacture and sale of iron powder from our new direct reduction iron powder plant. While many technical problems had to be overcome to get this unique plant into operation, the company now is producing iron powder in commercial quantities so that we are realizing a continually increasing volume from the new operation.

Thus, as is the case with most of the steel industry, Alan Wood Steel is doing everything possible to improve its competitive position in the market. While we don't anticipate that fourth quarter, 1960 earnings will much more than cover our 35 cent quarterly dividend, and look for about the same results for the first quarter of 1961, we do feel that the general steel situation will reflect steadily increased earnings for the succeeding quarters of the coming year.

J. H. WINDSOR

President, Equitable Life Insurance Company of Iowa

The year ahead should be a relatively good one for the life insurance business. This conclusion is based on the prospect that, notwithstanding certain recessionary tendencies in the economy, personal income will be well maintained. In each year of the decade of the 1950's as well as in 1960, personal income showed an increase, in spite of periodic declines in general business activity. Formerly in periods of economic depression, shrinking personal income had a spiraling effect on the downturn. In recent years, however, income has developed more stability. A substantially greater proportion of the work force now has jobs in the more stable areas of the economy, such as government, the trade and service industries, and the "white collar" functions of manufacturing. Furthermore, there is now less tendency to cut wage rates in times of recession, and a majority of the workers are covered by unemployment insurance and pension plans.

James H. Windsor

The preponderant evidence at this time suggests that the current economic adjustment will be mild and brief—certainly no more severe than the recessions of 1953-4 and 1957-8. In 1954, although industrial production averaged 5.8% below the previous year, personal income was actually .5% higher. In 1958 a decline of 7.2% in industrial production was accompanied by a 2.5% gain in personal income. In 1960, again personal income continued to set new records, despite the decline in industrial production and rising unemployment in the latter months of the year.

A high level of personal income provides a favorable climate for the sale of life insurance. During the 1950's, sales of ordinary life insurance increased in every year, and at a pace even faster than the growth in personal income. It is interesting to note that in 1950, when disposable personal income per family amounted to $4,100, life insurance in force per family was $4,600. By 1959 disposable personal income had increased to $5,900 while life insurance in force had jumped to $9,500.

If this recession, then, proves to be mild and brief and personal income is well maintained, the life insurance business will have the basis for a good sales year. There will, of course, be keen competition for the consumers' dollar. New houses and durable goods may absorb a smaller share of income than in some recent years, but competition will be keen from other goods and services, from leisure-time activities, and from other types of savings.

Life insurance companies this year may not be able to realize as high a rate of return on new investments as has been available during the past two years, but no drastic decline in yields is likely. Certainly no return to the low interest rates of the 1940s seems to be in prospect. Accordingly, it should be possible to continue to realize favorable investment results, which helps to make less costly insurance available to policyholders.

KENDRICK R. WILSON, JR.

Chairman, Avco Corporation

Despite the glowing forecasts of a year ago, 1960 was marked by generally unsettled economic conditions both in this country and abroad. For Avco Corp., whose diversified operations cover a broad segment of the business spectrum, it was a year of satisfactory progresswith sales and earnings exceeding those of the preceding year. Barring unforeseen major economic developments in fiscal 1961, we look for further improvement of results for our company.

K. R. Wilson, Jr.

Through its six operating divisions and two principal subsidiaries, Avco is involved in many areas of endeavor. These range from research and development, missile and space technology and electronics work through the manufacture of aircraft engines and structures, major missile components, consumer products and farm equipment to radio and television broadcasting. A highlight of the company's current operations—and perhaps a significant sign of the times in modern industry—is the important research and development activities carried on at two of our divisions.

Intensification of the Air Force's intercontinental ballistic missile test program during the past year pointed up Avco's effectively integrated research, development and production capabilities. Avco re-entry vehicles, the complex nose cones for both Atlas and Titan ICBM's, performed successfully in each of 15 completed test flights, while an advanced nose cone for the solid-propellant Minuteman was also being developed. Less than five years ago the Air Force considered the design of such vehicles as one of the thorniest thickets along its path to successful long-range missilery.

Another new product stemming from company research activities during the past decade is the Lycoming gas turbine engine. These medium-powered turbines, the

development program for which was launched in 1952, are now in volume production for a number of different aircraft and helicopters and also have marine and industrial applications.

A third area of Avco research which holds bright promise for the future is the application of the principle of magnetohydrodynamics to the generation of commercial electric power. In conjuction with ten of the nation's leading power companies, the Avco-Everett Research Laboratory is studying the feasibility of a magnetohydrodynamic commercial power generator in which an intensely hot gas is forced through a magnetic field to produce electricity directly. Following successful preliminary experiments during 1959, an intermediate size generator was designed and built at Everett this year to evaluate engineering problems.

We believe that, despite increasing competition in the year ahead, Avco's major participation in research and development of new products and services provides a sound basis for continuing growth.

The need for a high level of national security and the military and scientific challenge of space exploration indicate a good year in 1961 for the defense and space industries. Consumer spending levels will be a key to determining the success of commercial operations during the next 12 months.

LLOYD M. POWELL

President, Dictaphone Corporation

Office dictating systems ought to continue to gain in public acceptance in 1961. They are an important factor in reducing costs and increasing personal productivity. Written communication is a major and important part of today's office activity. Business executives are increasingly interested in better ways to speed ideas and translate them into action at lowest cost. It is our belief that the market for the type of business communication equipment offered by Dictaphone Corporation is only about 35% saturated.

Lloyd M. Powell

Applicable Dictaphone systems used in all levels of business, professions and government include transistorized Time-Masters, individual dictating units, Telecord equipment for dictation by telephone-like instruments and the Dictet, which is battery powered, light in weight and compact for the travelers.

Diversification is expected to add volume from other sources. The large multi-channeled recorders serve for monitoring wired or wireless circuits and are used for air traffic control and for police, fire, and transportation dispatching work. A new automatic timekeeping system using the new Dictaphone Dictachron, for instance automatic time recording, is gaining in accepatnce in industry and government.

There is active and growing interest in the use of electronic machines in the educational field. Dictaphone Corporation has introduced the Dictalab and the Electronic Classroom to meet the requirements of this growing market. Dictalab is a language laboratory which speeds up the language learning process. The Dictalab Electronic Classroom provides facilities for group teaching of various subjects via pre-recorded lessons.

While office dictation systems will continue to dominate our sales efforts in 1961, there is growing interest in diversified market products such as those described above.

We in Dictaphone look forward with confidence to our opportunities in the new year.

J. D. WRIGHT

Chairman of the Board, Thompson Ramo Wooldridge Inc.

Sales projections indicate that Thompson Ramo Wooldridge Inc. will have an even better year in 1961 than in 1960. Preliminary estimates show that sales last year moved modestly ahead of the previous all-time record $417.7 million reached in 1959, and it is expected that the final audit will indicate some improvement over 1959 earnings.

J. D. Wright

With complete capabilities and facilities for advanced technical planning, research, development and production of precision parts and systems, TRW moved forward on a broad front in 1960, achieving solid growth in the missiles, space, electronics and automotive fields, and a deeper penetration of the declining market for manned aircraft products.

Highlight of the year in TRW was the reintegration into the parent company of its Los Angeles subsidiary, Space Technology Laboratories, Inc., whose employment by the Air Force to plan and manage its major missile-space projects for some years had precluded TRW from bidding on certain missile "hardware" contracts. Since achieving its free competitive status, the company in recent weeks has won major space contracts and will begin in 1961 to convert its heavy research and development base into production, with goals set to achieve wider profit margins.

Most significant development of the year in TRW, from an operating standpoint, is the fact that by moving aggressively forward in engineered products and new concepts for missile, space and electronic applications, the company has more than offset the three-year slide in military requirements for manned aircraft products. It now appears that the long decline in aircraft has bottomed out at a still substantial level. Jet engine component schedules have firmed substantially in the past 90 days as the result of the company's deeper penetration of the available market.

With 27,000 employees in the United States, Canada, Latin America and Europe, the company anticipates rising employment in 1961 as the result of further internal growth and, conceivably, expansion by acquisitions in the electronic and automotive fields in this country and overseas.

Much of TRW's growth plans for 1961 are related to the electronics field in which the company has a broad diversification ranging from miniaturized diodes to complete computer systems.

Although unsettled business conditions and high dealer inventories are expected to result in a reduced rate of auto production in 1961, TRW automotive divisions expect to achieve at least moderate gains over 1960 by intensifying sales efforts in both the original equipment and replacement parts markets.

International activities may prove to be one of TRW's fastest growing areas. Joint companies have been set up to operate in the automotive and electronic fields in Mexico, Brazil and France, and TRW is about to enter West Germany. Investigations are proceeding elsewhere in Latin America, the European common market and Japan.

MILES F. YORK

President, The Atlantic Companies
Atlantic Mutual Insurance Company
And Centennial Insurance Company

When last writing in these columns two years ago, I stated there were then signs that the longest adverse cycle in the history of the property and casualty business was coming to an end. Subsequent developments proved that that prediction was in the way of being realized because in the second half of 1959 and the first half of 1960 there was a definite improvement in the business and a good deal of optimism. However, there are now signs upon the horizon which indicate that the improvement may have been short-lived and that we are slipping back into another adverse cycle if, in fact, we ever really came out of the last one.

Miles F. York

The underwriting results of many leading companies for the nine months ending Sept. 30, 1960, show that 20 out of a group of 30 leading stock companies had higher loss ratios than the year before. While it is true that expense ratios were lower than in 1959, the improvement was slight and not enough to offset the increased loss ratios. Some attributed the adverse showing to Hurricane "Donna" which, of course, did contribute to the poor results, but even if the "Donna" losses were taken out of the third quarter results, I am satisfied that the showing would still have been worse than in the year preceding.

What, then, are the reasons for this relapse? I would suppose one of the major causes is the breakdown or impairment of rating systems used by the industry. I have no doubt that this has been due in some substantial part to the effect of the investigation of the business conducted by the Senate Subcommittee on Antitrust and Monopoly, which has held extensive hearings on rating bureaus and subjected such organizations (and their control by the several states) to severe criticism. Under this influence, rules have been changed, rates reduced and forms amended so that today we have in certain classes of property and casualty insurance what amounts to nothing more than an old fashioned rate war.

All this puts increasing pressure on the companies, especially the smaller ones, and undoubtedly many of them will be forced to either retire from business or will have to merge with other companies better equipped to stand the rigors of the competitive pressures which are building up. We have already had a number of consolidations within the past few years among them several of the larger companies as well as the smaller. It seems ironic that a committee which has as its major function the breaking up of monopolies and trusts should by its efforts actually assist in bringing about just the opposite result.

Eventually, of course, the insurance business must be put upon a profitable underwriting basis because investors are not going to continue to put their money into a losing proposition. Until this is brought about, and it may take several years, there are likely to be some distressing times, not alone for the companies themselves, but for the producers who will be forced to take a smaller share of the premium dollar for their services as the companies strive to reduce to a minimum the cost of insurance to the purchasers in this very competitive climate.

WILLIAM H. ZIMMER

Executive Vice-President, The Cincinnati Gas & Electric Company

During 1960, our company's volume of gas and electric sales will be higher than those for 1959 by approximately 7.0% and 4.0% respectively. Continued growth in sales to residential and commercial customers have helped to offset the relatively small increase in sales to industrial customers, particularly the steel companies.

Wm. H. Zimmer

Preliminary 1960 United States census figures indicate that since the 1950 census the population of the State of Ohio increased 22% compared with an 18% increase for the entire United States. During this same period the population growth in our service area was 25%. Thus, while the ten year population growth of Ohio exceeded that of the nation, the rate of growth in our operating territory was even greater than that of Ohio. Indications are that this favorable growth rate will continue.

The future of our service area appears to be quite

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bright. Many public improvements, such as the recanalization of the Ohio River and a major expressway program, are well underway and significant portions of these will be completed during 1962. The electorate approved a $17 million bond issue for a new General Hospital which will enable the Greater Cincinnati Area to retain its position of leadership in the medical field.

Because of the geography of the city, the expressway and urban renewal projects, now under construction or in the advanced planning stage, will have more of an influence upon the central city than would similar expenditures have upon cities of other geographical characteristics.

The area, because of its many advantages as a center of distribution, continues to be of interest to many industrial companies. As business conditions stabilize, a number of these companies will erect plants in the Greater Cincinnati Area.

In preparation for this anticipated growth, a 168,000 kilowatt generating unit was added in 1960, increasing the company's installed capacity to 1,228,000 kilowatts. Construction is in progress on an additional 240,000 kilowatt unit which is scheduled to go into operation in 1962.

Additions have been made to the gas system and others are in the process of planning construction to increase the amount of gas available for peak days.

CHARLES J. ZIMMERMAN

President, The Connecticut Mutual Life Insurance Co.

Not long ago I heard a speaker discuss some "drastic changes" he said were in store for the life insurance business. In many quarters today, we hear similar predictions pointing to the imminent "marketing revolution" that overnight will obsolete present practices of companies, agencies, and agents.

C. J. Zimmerman

I see no revolution ahead. Nor do I look for sudden drastic changes in either the buying habits of the public or the selling practices of the business.

This is not to say life insurance will be the same in 1965 as it is today. Hopefully, it will be quite different, having adjusted to people's changing needs in a changing social and economic order. But changes will be evolutionary — not revolutionary. To some this may seem slow and unexciting, yet it is the sound way to progress. History shows that society—including the business world—cannot be successfully reorganized in a hurry. History also shows that change, reorganization and readjustment only succeed when there is direction by enlightened leadership. The big question for life insurance is whether the business will be increasingly endowed with the requisite enlightened leadership.

Without benefit of crystal ball, let's look at some changes that may be in store for life insurance—changes that have been evolving over the last few years. At the same time, let's look at some fundamentals in our business that are not likely to change.

Permanent Life Insurance: For men with family responsibilities, permanent life insurance—sold in individual policies—will continue to provide the best foundation for their long range financial planning. Most men will continue to want and certainly they will need more than the minimum base of Government Social Security. Most men will continue to want the cash values they can build through permanent life insurance, and they will continue to cherish the independence of action adequate ownership affords them. I predict a gain in the amount of Ordinary life insurance purchased in 1961, with more impressive increases in the years beyond.

Group Insurance: All forms of group insurance should continue to grow fast, but especially the various forms of health coverage, with more of it being extended to persons 65 and over. More group life will be extended to small organizations with less than 25 employees. While group will not replace individual life insurance, its sound growth is socially desirable. It will continue to be a deterrent on future widespread increases of Government Social Security.

Government Regulation: While pressures will continue, I do not look for Federal supervision of the life insurance business in the foreseeable future. From the standpoint of policyowners and the public, as well as the companies, this function is being performed with increasing effectiveness by the individual states.

All-Lines Selling: I look for more mergers between life and property and casualty companies. To the individual buyer, this means he will have more opportunities to buy all his insurance from one salesman, or from one sales office. But while more companies will move into multiple line selling, many others will remain monoline, specializing in a particular line of insurance. The same is true of agents. Although some agents will sell all kinds of insurance, there will be an increasing need for the specialist in insurance, just as there is in medicine, law, or teaching.

Business Insurance: Because life insurance is uniquely suited to solve a variety of problems facing corporations, partnerships and sole proprietorships, I look for a substantial upsurge in business purchases during the next few years.

Underwriting: Will continue to become more liberal. Amounts accepted without medical exam will increase, as will amounts payable on accidental death. Fewer people will be told they are uninsurable, and substandard ratings will continue to be liberalized.

Automation: The growing use of electronic equipment will mean much better, faster service for the public. It will also enable the agent to sell more insurance and do a better service job for his clients. Automation will also help management in its decision-making function by furnishing more facts, more quickly and more accurately. One question we hear: Will automation affect employment? Over-all, the transition will be slow enough so that present jobholders will not be affected. However, the growth rate of home office employment will slow down. Companies will look for better qualified, better educated people who can command higher salaries.

Variable Annuities: This involves the selling of insurance or annuities in units, rather than fixed dollars. Premiums would be invested largely in common stocks, with the value of a given unit at a given time dependent on investment experience. Because this concept is totally different from the traditional fixed dollar guarantee of life insurance, I do not expect variable annuities to make serious inroads into the individual life insurance market. The equity investment concept lends itself more readily to the pension field. In any event, I do not expect all life companies to offer variable annuities, even if present legal obstacles to their sale are overcome.

Premium Rates: Some continued reductions should be possible, as automation enables companies to operate more efficiently, as longevity increases, and if the return companies are able to earn on their invested funds is not artificially depressed.

Manpower: Securing enough competent manpower—and womanpower—for both field and home office operations may be the greatest problem facing all companies in the years immediately ahead.

Management: A real opportunity for more effective and more efficient operation by all companies lies in the development of higher skilled management personnel. The next few years will see particular emphasis on sales management, for as the level of sales management improves, more agents will be brought through to success and the level of life insurance selling will move onto a new plateau. In home offices we will see more junior (and senior) executives enrolled in management development programs.

Life Insurance Ownership: A near doubling of ownership is entirely probable during the decade of the 60s, for a combination of reasons: (1) Most people are now underinsured; (2) There will be an increased need by most people for life insurance due to larger families and higher standards of living; (3) The next five to 10 years will bring substantial improvement in the effectiveness of life insurance distribution methods: and (4) People will have more disposable income. Thus by 1970 it is not improbable that Americans will own a trillion dollars of life insurance. underwritten by the private legal reserve companies. Ownership per family will also increase, with a great number of family heads owning insurance equal to four or five times their take-home pay.

KENNETH V. ZWIENER

President, Harris Trust and Savings Bank, Chicago, Illinois

The banking industry sensitively reflects changes in business activity and economic policy. Recent loan and deposit trends indicate the economy is currently in a mild recession and that monetary policy has eased. Actually total bank loans are near all-time highs, as is the economy, but a less than normal seasonal rise in bank loans has occurred in recent months. Deposits are again increasing in response to the easier monetary policy of the Federal Reserve Board. The provision of reserves by the Federal Reserve has been more than sufficient to meet usual seasonal demands, and banks have responded by increasing investments in U. S. Government and municipal securities. These investments have resulted in an increase in the money supply and consequently an improvement in the liquidity of the economy.

I do not expect the current decline to be deep or protracted. In fact, present trends suggest that within a

Reeves S'dcraft. Common Marketed

Public offering of 150,000 shares of the common stock of Reeves Soundcraft Corp. was made on Jan. 16 at a price of $6.375 per share by a group headed by Emanuel, Deetjen & Co.

The shares being offered were purchased by the underwriters from The Prudential Insurance Co. of America which exercised warrants, held since March, 1958, to buy 150,000 shares of common stock from the company at a price of $3 per share.

Proceeds of $450,000 received by Reeves Soundcraft Corp. from the exercise of the warrants held by Prudential will be applied toward the reduction of notes payable.

Incorporated in 1946, the company carries on its business through Reeves Soundcraft Corp., as an operating unit, and through two wholly-owned subsidiaries, Bergen-Wire Rope Co. and Reeve-sound Co., Inc. The parent company is engaged in the manufacture and distribution of recording media. Principal products are magnetic tape for home and professional use and specialized industrial and instrumentation recording tape. Reeves Soundcraft also produces and sells a diversified line of instantaneous recording discs.

few months the economy will resume an upward movement. For the year 1961 bank loans are expected to expand less than usual due to inventory liquidation and a further reduction in capital spending. Since inventories and capital spending usually continue to decline for some time after the business trend starts upward, it appears probable that the demand for bank loans will not rise until late in the year. In early 1961 both seasonal and cyclical factors will account for a rather sharp decline in bank loan totals. Since monetary policy is likely to remain easy until the business climate improves, I expect that the growth in bank investments and bank deposits will be larger than usual during the coming year.

Recession, not inflation, is the current short-run problem. Therefore, an easier money policy is justified, provided it is changed once the business trend improves. Some argue that we cannot afford easier money today because of the adverse effect upon our gold position. It true that temporarily lower interest rates in this country tend to accelerate the gold outflow as investors seek higher returns in other world markets. However, with our present gold stock of nearly $18 billion, we can afford some temporary gold loss if that is necessary to insure economic recovery in this country. The value of the dollar as a world currency can best be maintained by continuing to follow flexible domestic financial policies which will promote price stability and high levels of employment. Although our foreign accounts show a surplus on current account, we must encourage an increase in exports if we are to eliminate the overall deficit in our balance of payments.

In summary, I expect the current recession to be mild. Although the decade of the Sixties did not get off to an auspicious start, I believe that our vast potential for economic growth and improved living standards will be realized in coming years. If prudent financial policies are pursued, inflation can be avoided. Achieving economic growth in a free environment while maintaining the value of the dollar are the two great challenges of the new decade.

HON. ALLEN J. ELLENDER

U. S. Senator From Louisiana
Chairman, Committee on Agriculture and Forestry

For the first time in a number of years, I feel that the outlook for agriculture generally has improved immeasurably. There are several reasons for this, not the least of which is the change in Administration. The new Secretary of Agriculture, whose ideas are not fixed, has indicated his desire to bring together the various organizations which represent farmers for the purpose of reaching agreement on possible farm programs. This is certainly a necessary step if remedial legislation is to become law.


Allen J. Ellender

While there are some trouble spots in agriculture, notably wheat, and corn and feed grains, by and large the other segments of the agricultural economy are showing progress and are doing relatively well. In the case of cotton, for example, just four years ago carryover amounted to 14.5 million bales. Estimates are that as of Aug. 1, of this year, carryover will have been reduced to only 7 million bales. Furthermore, the outlook beyond this point is encouraging. There is little reason to believe that world consumption of cotton will not remain at high levels. In addition, expectations are that domestic consumption will continue to increase. The outlook for the other price supported commodities, with the exception of the ones noted above, is also much improved.

The outlook for fruit and vegetables is favorable. In the case of livestock, indications are that there may be some price softening this year, but a precipitous decline is not expected. Also, the Department of Agriculture economists estimate that farm income this year will be at least equal to, if not above, last year.

The trouble spots, wheat and corn and feed grains will, no doubt, receive considerable attention by the new Administration and by the Congress this year. Certainly, in the case of wheat, remedial legislation is imperative. At the present time the Department of Agriculture owns over 1 billion bushels, valued at $2.8 billion. Wheat accounts for about 40% of the total value of CCC owned stocks and 42% of the total costs of storage, handling and transportation. The last two years the Congress has tried, but vainly, to do something about this. In 1959, a bill was passed and vetoed by the President. In 1960 the Senate passed a bill, but the House was unable to agree. There is no doubt in my mind but that under the leadership of a new Administration, wheat legislation will be forthcoming.

In addition to wheat legislation, no doubt the Congress will begin to work on legislation affecting corn and feed grains, but the complexity of the problem may well require additional time to the extent that it may well be the second session before final action can be taken. Other important major legislation that the Congress must consider during this session, because of expiration dates, includes Public Law 480, the Sugar Act, School milk, and Mexican farm labor.

If the Congress can reach agreement on wheat, I believe that the biggest problem will have been solved. The sympathetic attitude of the new Secretary of Agriculture already has gone a long way toward improving the agricultural outlook. If this continues, I feel confident that agriculture will be on the road to recovery.

ALBERT G. HANDSCHUMACHER

President of Lear, Inc.

A few years ago the vanguard of the electronic industry entered a new era—that of transistor. With the use of transistors, products formerly the size of a suitcase could be made as small as a package of cigarettes. The transistor era is beginning to show change and the electronics industry has entered a new period—that of the microcircuit. Products the size of a package of cigarettes can be reduced to the size of a thumbnail and smaller. Electronic reliability is increased.


A. Handschumacher

Perhaps of greater importance to the financial community than decreased size and increased reliability is the fact that with the advent of microcircuits the electronic industry is undergoing an important fundamental change.

Until today the industry's circuit design has been based upon the availability of specific components such as resistors, condensers, vacuum tubes, and transformers. These components traditionally have been developed and produced by component manufacturers who specialize in this business. Electronic system, sub-system, and instrument manufacturers purchased these components and assembled them into the circuitry they designed.

In the era of microcircuitry this is changed. Since a microcircuit is smaller than even the most advanced conventional design, it must be constructed from electronic components which are even smaller than the tiniest of conventional components. They are so small, in fact, they can no longer be handled by technicians directly or by conventional mechanical assembly means. Much of the prototype production work must actually be conducted under a microscope and other enlarging devices so engineers can see what they are doing.

For this reason the microcircuit components must initially be fabricated as part of the electronic circuit in which they will be used. They cannot be made in one plant and then assembled in the circuit in another plant. This is the heart of the change which is being introduced by the microcircuit concept. . . . If a manufacturer wants to produce a microcircuit system, he must be able to produce his complete circuitry including the condensers, resistors, and the like, or he must be prepared to purchase his complete microcircuit from an outside supplier.

Soon there will be 'haves' and 'have nots' in the electronic industry—those manufacturers who have in-plant microcircuit capability and those who do not. Those who have it will be able to supply advanced electric equipment. Those who do not will be unable to handle this business except on a sub-contract basis with the accompanying problems and cost disadvantages.

While it is expected that there will be continuing uses for transistors, and the older vacuum tubes, the microcircuits will increasingly replace these older counterparts, as their benefits become more widely recognized. Microcircuitry, for example, is now being used by our company on advanced defense products. In the years immediately ahead, microcircuits will be used increasingly on industrial equipment—computers, electromechanical control systems and others. And in several years they probably will be used in radios, televisions, hearing aids and other consumer products.

For reasons described above, Lear has invested heavily in the equipment, plant and personnel that comprise its Solid State Physics Laboratory. As a result, we are now able to employ microcircuits in our own aircraft and missile instruments. During this year, we will be in a position to start selling microcircuits to other manufacturers.

This capability will no doubt be reflected in our sales growth during the latter part of 1961, and thereafter.

Texas Eastern Secs. Offered

Dillon, Read & Co. Inc. heads an underwriting group which offered on Jan. 18 $30,000,000 first mortgage pipe line bonds, 5% series due 1981, priced at 100% and 150,000 shares preferred stock, 5.52% series (par value $100 per share) priced at $100 per share of Texas Eastern Transmission Corp.

Of the net proceeds to the company from the sale of the bonds and the preferred stock, approximately $32,000,000 will be used to retire currently outstanding revolving credit notes. The balance will be used in connection with the company's construction programs, which are estimated to cost approximately $92,000,000 in 1961, or applied to additional revolving credit notes which may be incurred for rate refunds under a proposal which the company has made to its customers.

A semi-annual sinking fund beginning July 1, 1963 will retire approximately 95% of the bonds prior to maturity. For a period of five years the bonds are not refundable at an interest cost to the company of less than 5% but are otherwise redeemable at the option of the company at any time at prices scaling from 105% in 1961 downward to 100% in 1981.

The preferred stock is entitled to a sinking fund which provides for the retirement during each 12 months commencing with the 12 months ending May 31, 1967 of 2½% of the new preferred stock outstanding on May 31, 1966 and after May 31, 1976, 5% of the preferred stock outstanding on May 31, 1966. The sinking fund redemption price is $100 per share. For a period of five years the preferred stock is not refundable at a cost to the company of less than 5.52% per annum but is otherwise redeemable at the option of the company at any time at prices from $105.52 per share through Jan. 1, 1966, scaling down to $100 per share after Jan. 1, 1975.

The company's principal business is the transmission of natural gas. It is also engaged in the transportation of petroleum products and in the production of oil and gas. The company owns and operates a pipeline system for the transportation and sale at wholesale of natural gas, extending from the Mexican border in southern Texas to New York. The system has an authorized delivery capacity in its principal sales area of approximately 2,362 million cubic feet per day, including deliveries from its gas storage facilities. The petroleum products transportation business is conducted by its Little Big Inch division through a system which at Sept. 30, 1960 included approximately 2,078 miles of pipelines.

The company is also engaged in the exploration for and production of oil and gas in 11 states.

Norman Roberts Adds

(Special to The Financial Chronicle)

SAN DIEGO, Calif.—William G. Sherfese has been added to the staff of Norman C. Roberts Company, 625 Broadway, members of the New York Stock Exchange. Mr. Sherfese was previously with E. F. Hutton & Company.

MUTUAL FUNDS

BY ROBERT E. RICH

Yesterday and Tomorrow

The restoration to favor of the standard, the cyclical, the bread-and-butter issues in the marketplace is reassuring to most investment managers. And along with the good quality of market leadership, there is breadth and volume. It is finding swift translation into rising values for the shares of fund holders. In the not too distant tomorrow it could mean a sizable upsurge in the business of fund salesmen.

While easy optimism and bullish enthusiasm already have swept off their feet those whose memories are short-lived, there is a good deal of sober reflection going on within the executive suite of the typical investment company. Optimism and enthusiasm were not notably absent in the first days of last year either, but they faded fast before the realities of economic life: the downturn in business, the folly of the steel strike and settlement, the loss of foreign markets and the inroads on our own, the outflow of gold, the squeeze on corporate profits, the rise of unemployment, political uncertainties and international tensions.

As stewards who are called to regular and strict accounting by the millions of people who have entrusted billions of dollars to them, they can not make their investment decisions in concert with cabbies, barbers or tipsters. They and the men around them represent some of the best minds on such varied subjects as business and money trends, consumer behavior, foreign trade, overseas investment opportunities and technological change. Listen:

Horace S. Nichols, partner of the Putnam Management Co., tells the annual meeting of Putnam Growth Fund stockholders that its investment policy will continue to stress companies, doing business with the consumer in areas of expanding population. Says he: "Although we have no preconceived ideas on this subject, it seems to us that we are in a consumer-oriented economy and will be for many years to come."

"In general," says the management of American Business Shares, "we have proceeded in the belief that (1) the post-war shortage of capital goods and consumer durable goods was disappearing; (2) the rapidly growing population of teen-agers and retired people, together with Government support of personal incomes in a recession, would mean a growing and stable demand for non-durable goods and services, and (3) the position of the dollar as the principal reserve currency for settling international payments balances would provide strong incentive for the authorities to follow conservative fiscal and monetary policies.

"We are continually re-examining the foundations for these beliefs, and should the securities of companies in which we do not have representation seem to offer better values in relation to their prospects than those we now own, or should the policies of the new Administration in Washington alter the long-term outlook as we see it, we will make changes in our portfolio in line with our policies as a balanced fund."

In referring to general economic conditions, we get this from **Samuel R. Campbell**, President of Institutional Income Fund: "There is reason for optimism regarding the outlook for 1961. It is our belief that the business readjustment of 1960 will have reached bottom by the middle of this year and perhaps sooner. Thereafter, we expect the maintenance of business on a high plateau, perhaps for the remainder of the year . . ."

Edward C. Johnson 2d, President of Fidelity Capital Fund, told stockholders: "Currently your portfolio emphasizes the consumer, recreational and service-type company. It may well be possible that at some future date equities of cyclical type companies may predominate. One thing is certain—the investment climate is constantly changing."

From **Investors Variable Payment Fund**: "While adjustments have been taking place in the production of steel and certain other durable goods, activity has been well maintained in consumer nondurables such as food and clothing, and in the service industries. Overall, it appears that any further correction needed should be mild. Business activity should continue at a high level with the basic forces of long-term growth gradually reasserting themselves."

And from Bullock Fund's **Hugh Bullock** we get this: "The course of this readjustment may have some months to run. It need not result in a serious downturn in business. The high level of consumer purchasing power, together with a high level of activity in the area of defense spending and construction would appear to provide a sustaining force to the economy, and to provide hope for a recovery some time in the course of the coming year."

W. Grady Clark, President of Investors Diversified Services, tells us: "The United States economy displayed basic strength and underlying stability during 1960 by setting a new record in the output of goods and services in the face of substantial adjustments in certain industries, disturbances in foreign relations, and domestic political uncertainties. In 1961, the economy, we believe, will again show a high rate of activity, with renewed vigor becoming apparent in the latter part of the year."

Growth-minded **Walter Benedick**, President of Investors Planning Corp. of America, says confidently: "Although mutual-fund industry sales were down somewhat in 1960 from the all-time high of the previous year, we anticipate that they will return to record levels in 1961."

Edward P. Rubin, President of Selected American Shares, says flatly: "President Kennedy's initial emphasis will be upon stimulating the economy, this fourth post-war recession will prove milder than its predecessors, Gross National Product will set a new high, noticeable progress will be made in our relations with the rest of the world, and U. S. official price of gold will remain unchanged, the decline in corporate profits will be modest and, on balance, dividend rates will be maintained, dividend yields will remain below bond yields and a new rising phase (bull market) in stock prices will begin in 1961."

From the foregoing and dozens of other analyses it is clear that belief is universal in the money-making opportunities during the months and years ahead. Whether or not you agree with the respective views, none will quarrel with this shrewd observation by **Walter L. Morgan**, President of Wellington Management Co.:

"No longer will the 'do-it-yourself' investor find it easy to make money, and the successful professional investment manager and his mutual fund will be more in demand than ever before."

The Funds Report

American Business Shares, Inc. declared a quarterly dividend from net income of 3½ cents a share, payable Feb. 20 to stock of record Jan. 26.

* * *

Boston Capital Corp., small business investment company, has completed its first two investment commitments. The purchase of $300,000 of convertible debentures of Hill Electronics, Inc., Mechanicsburg, Pa., manufacturers of quartz crystals, electronic filters and frequency sources, was announced by Joseph W. Powell, Jr., President of Boston Capital, and Bertram C. Hill, Jr., President of Hill Electronics. Boston Capital's other investment is in the Hancock Telecontrol Corp. of Jackson, Mich., a manufacturer of plant and machine tool controls.

Boston Capital has been sifting scores of companies for possible inclusion in its portfolio. Investments are being made from the proceeds of $22,500,000 of common stock offered to the public in the fall of 1960. The stated policy of the investment company is to provide working capital for corporations which show promise of growth with partitcular emphasis on the technological fields.

* * *

De Vegh Investing Co., Inc., reports that at Dec. 31 net assets were $8,572,933, or $16.64 per share, against $9,799,759 and $18.76 a share at the close of 1959.

* * *

First Republic Co., a pioneer in real estate syndication-mutual funds re-investment plan, announced that the income from $3,500,000 in syndication had been authorized by investors to be automatically re-invested in mutual funds. "This is a milestone for First Republic, which initiated this unique form of re-investment four years ago," said Ira Sands, Executive Vice-President of First Republic, one of the nation's leading real estate investment firms. He said:

"Of the $14 million invested in real estate syndications underwritten by First Republic since the plan's inception, the income to investors from 25% of this total has been re-invested in such mutual funds as Philadelphia Fund, Keystone Custodian Funds, Dreyfus Fund and M. I. T."

The re-investment program when introduced was intended to provide a more dynamic growth potential in the overall estate planning for investors. It is based on the reinvestment of monthly dividend earnings accumulated from real estate syndications into mutual funds and life insurance, Sands pointed out.

* * *

In one of the most important steps in **Group Securities'** 27-year history, the management of the fund has proposed in proxy material being mailed to its shareholders that 12 of the single industry funds be merged with The Common Stock Fund, and two specialized bond funds with The General Bond Fund. The resulting combination would bring total assets of The Common Stock Fund, already the largest of the Group funds, to about $122 million, with the remaining five funds accounting for the balance

of Group Securities' approximately $175 million of total assets.

Coincidentally, Bache & Co. and Kidder, Peabody & Co. will head a nation-wide group of investment firms in a special offering of The Common Stock Fund beginning on Jan. 23 and running through March 3. In addition to serving as a type of stand-by operation, the special offering is being made to broaden further dealer interest in the simplified Group Securities structure and particularly in the company's Common Stock Fund.

* * *

Four two-day mutual fund marketing seminars will be sponsored during February by **Kalb, Voorhis & Co.** in Seattle, Portland, San Francisco and Los Angeles. Kalb, Voorhis & Co. is known as a leader in the creation of sales training, advertising and merchandising aids for the mutual fund industry, having no affiliation with any specific mutual fund. These seminars are being held for the first time in the four Western cities.

* * *

Keystone Custodian group of 11 funds increased sales by almost 5% over the record figures in 1959. Total sales amounted to $113,000,000, against $107,800,000 a year earlier. Total assets under Keystone management rose more than 11% to a record $562,000,000 and the number of shareholders went up more than 26% to 174,000. Greatest increase came in the number of shareholders in Keystone's open account plan, the voluntary periodic investment program which now has 107,000 participants. New accounts are being added at an average rate of 3,000 a month.

* * *

National Investors Corp., the growth stock mutual fund of the Broad Street Group, has acquired the assets of The Andrew-Lawrence Corp., a $490,000 private investment company, incorporated in New Jersey. The assets of Andrew-Lawrence consist entirely of cash and marketable securities and were valued at market in the transaction, according to Francis F. Randolph, National Investors' Chairman, and Fred E. Brown, President.

In payment for these assets, National Investors issued 34,016 of its shares, valued at net asset value, free of any sales charge. The acquisition increased total assets of the mutual fund to $188,400,000, it was stated. This marks the first acquisition made by National Investors since 1955 when the corporation purchased the assets of four private investment companies.

* * *

Overseas Securities Co., Inc., puts net assets at $1,266,563, aqual to $8.97 a share, as of Dec. 31. This compares with $1,669,820 and $11.83 a share a year earlier. At the close of 1958 assets amounted to $1,935,549, or $13.71 a share.

* * *

Putnam Growth Fund reports that in the two months since the close of its fiscal year (Oct. 31) the asset value per share has risen approximately 14%, to $14.78 from $12.99. Total net assets during the same period increased to a new high of $60,768,000 on Dec. 31 from $45,762,000.

* * *

Net assets of **Stein Roe & Farnham Stock Fund, Inc.**, rose to $15,860,306 on Dec. 31, Harry H. Hagey, Jr., President, reports. This compares with assets of $11,704,135 on Dec. 31, 1959. Net asset value per share was $30.10, compared with $29.19 per share a year ago.

* * *

In one of the largest transactions made since its organization a year ago, **Techno Fund, Inc.**, a small business investment company, has invested $1 million in the newly enlarged Wallace Expanding Machines, Inc., of Indianapolis. The capital will be used for expanding Wallace's operations and making available to more industries a line of metal-forming equipment that reduces production costs while giving substantially improved products.

* * *

While only two of 12 recently-proposed amendments to Canadian tax laws appear to have any effect on the operations of **UBS Fund of Canada, Ltd.**, their impact is beneficial, according to H. Nelson Conant, UBS Fund President. His comments are included in the first of a series of informal reports to shareholders of this new direct-by-mail Canadian mutual fund, where he indicates that Canadian Finance Minister's proposals "appear to us to be virtually sure of quick enactment because of their potentially favorable impact on Canadian business and investments."

And, noting that UBS Fund of Canada is a resident Canadian corporation, with the intention of electing to be taxed as an ordinary Canadian corporation, Conant views the move to make an additional $10,000 of taxable income subject to a 21%, rather than a 50% tax rate as "mildly beneficial."

The "mildness" of his comment stems from the fact that as long as the fund elects to be taxed as a Canadian corporation, dividends received from taxable Canadian corporations are, with certain minor exceptions, not considered "taxable income" to the fund. And for those years in which the investment income of the fund consists solely of dividends from taxable Canadian corporations, the fund will pay no Canadian income tax on its income.

The second proposal that pertains to the fund's operations includes provisions with respect to the reporting of income on certain discount bonds. This amendment, Conant says, appears to be of interest only to the fund's investment advisers and board of directors if and when discount bonds are being evaluated.

* * *

T. Rowe Price announced Jan. 17 the formation of a new mutual fund, to be called **Rowe Price New Horizons Fund, Inc.**, with offices at 10 Light Street in Baltimore. The Fund is intended for those who are financially able to take a big risk for capital gain and not interested in regular current income.

Mr. Price noted that the specific investment objective of the New Horizons Fund will be to increase the shareholder's capital by finding and purchasing a diversified group of these growth stocks of the future before they attain sufficient stature to become attractive to institutional investors. He also said that most of the stocks falling in this category are likely to be shares of relatively small new companies, often unseasoned and with limited markets.

Shares of New Horizons Fund will be offered at net asset value without a sales charge. A minimum initial subscription of $2,000 is required.

Fund's Assets At a New Peak

The combined assets of the open-end investment company or mutual fund members of the National Association of Investment Companies topped $17 billion for the first time, reaching $17,025,684,000 at the end of 1960.

This total, the N. A. I. C. reported, compared with $15,817,962,000 of assets at the end of December 1959 and $16,340,129,000 on Nov. 30, 1960.

The mutual funds have almost 5 million shareholder accounts representing holdings of an estimated 2.5 million individual and institutional investors.

While posting a new asset figure, the 161 mutual fund members of N. A. I. C. reported an increase in the sales of mutual fund shares in December from November.

Investors purchased a total of $170,549,000 of mutual fund shares during the month. The November 1960 figure was $161,129,000. December 1959 purchases totaled $192,754,000.

Purchases of shares for the full year 1960 totaled $2,097,246,000, somewhat below the 1959 figure of $2,279,982,000.

The N. A. I. C. reported a decline in the ratio of redemptions by mutual fund shareholder to average industry assets in 1960. Redemptions in 1960 amounted to $841,815,000, or 5.1% of average assets. Redemptions in 1959 amounted to $785,627,000, which was 5.4% of average assets in that year.

The continued low redemption ratio in a period of generally unsettled market conditions such as 1960, indicates, the N. A. I. C. said, that mutual fund shareholders are for the most part long-term investors unconcerned over short-term market fluctuations.

Redemptions of shares in December amounted to $72,313,000. This compared with $58,843,000 in November of 1960 and $65,324,000 in December 1959.

The number of new accumulation plans started for the purchase of mutual fund shares on a periodic payment basis, usually monthly or quarterly, totaled 24,071 in December, down from the 28,265 accumulation plans both voluntary and contractual, started in November and the 29,269 opened in December 1959.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Don't Let It Happen to You.

Many individuals have been attracted to the municipal bond market in the past few years because of the generous tax-free returns, and excellent security afforded by this type of investment. Many of these people, being new to this area of investment, have been compelled to rely completely upon the integrity, and the advice and counsel of their investment dealers and their salesman in selecting the right bonds for their purposes.

They also do not know too much about the market in which these bonds are traded, and when they buy or sell tax-exempt issues they expect to receive the best possible prices. The integrity of most investment firms is without question. Nevertheless they may offer the same bonds at slightly different prices from time to time. It depends upon the margin of profit they believe is equitable and upon which they can conduct their business. The difference of a few basic points of yield on general market bonds is not of great importance but it can mean the loss of face, and the loss of a customer's confidence, if identical bonds are offered to a client that can be bought at a lower price from another dealer.

Here Is a Lesson

All conscientious salesmen hope they have some clients who give them all of their business, but in these days of intense competition you can never say that you will keep it that way. I have some clients that I started and educated into becoming buyers of tax exempts about two years ago. Almost every other month I sell them a few bonds. Today, they have a well diversified list of good bonds that I feel rather proud to recognize as my own doing.

The other day I received a call from one of the group, who told me that he had been offered some bonds and he liked them. He gave me the amount offered, the interest rate, the maturities and the indicated offering price. He said he wanted my opinion as to whether or not these bonds were priced right. This is something that happens once in a while when you have a good customer. People who buy securities don't hide — other securities salesmen find them, too. Anyway, here I was with a darned nice customer who wouldn't buy from the other fellow unless he asked me whether or not the bonds he had been offered were a good "buy." At least I was lucky, or he thought enough of our relationship to bring it to my attention. So what comes next?

I did a little checking and I found the bonds he was considering. They were not offered in the daily list that goes to bond dealers, but being alert brokers our municipal man was on the ball and he dug them up. When I checked the offered price I found that the bonds were being offered for considerably less than the price my client said they were being made available to him. If there is a slight difference this is understandable, but in this case I could sell him the bonds at a much better price and still make a fair profit. However, after I looked them over I saw that other bonds (of the same municipality) were available. In addition, they offered a larger current return, a smaller discount under par and considerably better yield. All of this could be accomplished by lengthening the maturity only a few years, which was certainly of no consequence to the investor.

I am not advocating that any one trade against another's bid or offer. But this was another story. Here was an individual investor who does not know too much about values, markets, and quality factors in buying his tax-exempt bonds. He has relied upon my guidance to help him select bonds that are priced right, and suited to his needs as to marketability, geographical location, ratings and maturity. Certainly it would be proper for me to tell him to buy the bonds he was offered if they were available at a lower price than I could offer them, providing, of course, the bonds were attractive in the first place. But, in addition, I offered him a better yield, a higher coupon, and the same security, and he did the right thing by asking my opinion.

The moral of this story is—treat your customers fairly, give them the best advice possible, gain their confidence and keep it by selling bonds at a realistic price that is competitive. After I did some checking I called my customer and when I told him I could sell him the same bonds that were offered by my competitor at a price 10 basic points cheaper, you can imagine what happened to the fellow who made the original offer. He not only struck out this time but I think he's out for good. Meanwhile, my client bought the bonds I suggested. Sometimes a client's confidence is very gratifying—it also helps you to help them.

When I find a reliable repairman for my car, my television, or anyone who knows more about the things I need in this complicated existence we lead today, I stick with them. You can keep your customers if you remember to always treat them as fairly and as conscientiously as you wish to be treated. Don't ever be tempted into marking up a block of bonds, or any other security for that matter, to a price that may be a bit above what your customer might be able to buy them elsewhere—he may have a friend in the business who knows markets, too.

Chicago Inv. Analysts Schedule Spring Meetings

CHICAGO, Ill.—The Investment Analysts Society of Chicago; have scheduled the following meetings:

Jan. 26—Miehle-Goss-Dexter, Inc.
Feb. 9—Libby, McNeil & Libby (Invitational).
Feb. 16—Forum on Economic Methods.
Feb. 23—Gardner-Denver Co.
Mar. 9—Midwest Forum.
Mar. 16—McNeil Machine & Engineering Co.
Mar. 23—Standard Oil Company (Indiana).
Apr. 6—Sears, Roebuck & Co.
Apr. 20—Olin Mathieson Chemical Corporation (Tentative).
May 4—National Convention.
May 11—Minnesota Mining and Manufacturing Company.

With Sellgren, Miller

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — Janet E. Mattson has joined the staff of Sellgren, Miller & Co., 333 Pine Street. Miss Mattson was formerly with I. L. Brooks & Co., Inc. and Wilson, Johnson & Higgins.

BANK AND INSURANCE STOCKS

BY LEO I. BURRINGTON

This Week — Insurance Stocks

SURVEY OF INDUSTRY TRENDS FOR FIRE-CASUALTY STOCKS

Since 1955, a peak year for profitable operations by fire-casualty companies, the intensity of competitive forces has shaken the established ways of meeting the requirements of the insurance markets. Warnings have been flying several years, thereby alerting insurance underwriters to change their outdated merchandising methods. The public's cry for *convenience* in fulfilling their needs has been heeded. People have become more security conscious due to the increased mobility of our population accompanied by more intricate, interdependent livelihoods.

For fire-casualty companies, any stand-pat attitude expressed by decrying words or negative actions merely has led to invasions of their markets by other financial institutions. The "threats to the *status quo*" chant results in a cause already lost. Time waits for no one, and insurance coverage is wrapped up with the time factor. The more alert fire-casualty managements already are on their way not only to catch up with new merchandising methods but to take on the role of innovators. Others are being prodded along by competition.

The movement toward one-stop, one package insurance selling to the individual, corporate, and family security markets has been unfolding for some time. The newer trend is the combining into "insurable" risks, the protection from the changing value of money. With institutions at hand to cover "insurable" risks, life is all the easier. Once the public benefit and profitability to all are fully recognized, innovations can be expected to bring down any present, including legislative, barriers hampering the trend.

The first half of the 1950-1960 decade witnessed the affiliations of property and casualty concerns for multiple-line operations. During the last half of this period, the development of fire-casualty-life affiliations, or "all lines" companies forged ahead. Transamerica Corporation, Travelers Insurance Company and Aetna Life Insurance Company have become established "all lines" insurance operations. More recently progressive "all lines" steps have been accomplished by such major multiple-line concerns as Continental Casualty, Federal Insurance, Hartford Fire, Peerless Insurance, St. Paul Fire & Marine, Springfield Fire & Marine, Home Insurance, Security Insurance Company of New Haven, Insurance Company of North America, Employers Group Associates, U. S. Fidelity & Guaranty, and Great American Insurance.

Invasions into the established insurance fields are advancing from all sides. The General Motors Group writes the largest automobile physical damage volume today. The progress of Sears, Roebuck's Allstate Insurance subsidiary has put many fire-casualty writers to shame by capturing sizable shares of their insurance markets. Finance companies, such as Financial General, C.I.T. Financial, and Commercial Credit have growing insurance subsidiaries.

The present decade of the 1960s promises to see strides made for further integration in order to serve broader security markets. Both life insurance companies and mutual funds are contributing to an over-all financial security package with the birth of variable annuity plans and contractual plans. The pace has been set by several concerns, including Nationwide Corp., with its "all lines" insurance plus mutual funds selling for complete financial security; Channing Corporation, which during 1960 acquired the "Tower Insurance Group" of Battle Creek, Mich., an "all lines" operation, is already strong in the mutual funds field; and Glens Falls Insurance Co., with affiliations including Mutual Funds Management Corp., Ltd. Thus the stage is ready for a rapid development in insurance package coverage of all property, personal, and financial risks.

This fundamental trend can be expected to result in a weakening of the independent agency system, already underway, which has long characterized the fire-casualty industry; insurance rates will become less uniform; record keeping will become more centralized; operations will become more international in scope; and unless drastically changed, state regulation will give way to federal regulation.

The annual fire-casualty trends find improvements registered during 1960 over 1959. The 1959 market performance turned out to be a monotonous affair with most insurance stocks priced within a 10% range of their 1958 year-end prices. One will recall, however, the rapid advance of insurance issues during 1958 when most insurance stocks outpaced the Dow-Jones Industrial Average 1958 gain of 34%. During 1960, the Best Fire & Casualty Stock Index registered a 12% appreciation, again reflecting the favorable market trend in contrast to stocks as measured by the Dow-Jones 30 Stock Industrial Average, which declined 9.3% during 1960.

Total 1960 premiums (sales) written by stock fire & casualty companies exceeded 1959 premiums by approximately 9½% with total business reaching $10 billion. Underwriting profits improved slightly over 1959 for an estimated margin of 3%, up from 2.2%. In order of volume, Auto Physical Damage gained 2%; Straight Fire, up nearly 1%; Extended Coverage, down about 4%; Home Owners, up about 33%; and Inland Marine, up 4%. Little change in profitability occurred, although Extended Coverage, thanks to Hurricane Donna, went into the red. All other property lines were profitable. In the major casualty lines in order of volume, Automobile Bodily Injury Liability premiums increased by 7%; Workmen's Compensation, up 10%; Accident & Health, no present estimate; Auto Property Damage, up 4%; General Liability, up 12%; Surety, same level; and Fidelity, up over 20%. All lines were in the black, except the largest line, that of Auto Bodily Injury where losses were less than in 1959. Home owners' package policies, fastest growing of all lines, largely account for the slowdown in fire and extended coverage lines.

A review of market performance by individual stocks reveals relatively favorable gains for 1960. Among the multiple-line companies, gains by the following ten stocks headed the list: Universal, up 30%; Security, N. H., 28%; Reliance, 25%; Insurance Co. of North America, 19%; Glens Falls, 18%; Home Insurance, 18%; Great American, 16%; St. Paul Fire & Marine, 16%; Springfield Fire & Marine, 16%; and Merchants Fire Assurance, 15%. About all the multiple-line companies outperformed the Dow-Jones Average for 1960.

Favorable market performance for casualty stocks included the following gains: Pacific Indemnity, 51%; New Amsterdam Casualty, 27%; Continental Casualty, 23%; U. S. Fidelity & Guaranty, 19%; and Aetna Casualty & Surety, 15%. Poor performers, based on a year-end comparison, included Trinity Universal, Standard Accident, Ohio Casualty and Seaboard Surety. The best market performers among fire insurance stocks were Kansas City Fire, 42%; Aetna Insurance, 20%; and North River Insurance, 15%. National Fire, among the best performers during 1959, was the worst in 1960, down 12%. General Reinsurance Corp., up 33%, outperformed the other reinsurance stocks in 1960.

Aiding 1960 earnings results importantly were the indicated gains of another 10% gain for investment income, over the like 10% gain in 1959. In summary, 1960 turned out to be quite a good year for investors with fire-casualty stock holdings. Many cash dividend rates were increased during the year, several stock dividends were paid, and the outlook for 1961 is for continued improvement in earnings, both from underwriting and from investment income.

Speck Electronics Sells Debentures

Speck Electronics, Inc. has sold $200,000 of its 6% convertible debentures to Electro-Science Investors, Inc., a Federal licensee under the Small Business Investment Act of 1958. Electro-Science is committed to advance an additional $200,000 to Speck as needed, subject to the fulfilling of certain conditions by Speck.

Electro-Science is located at 727 South Central Expressway, Richardson, Texas.

Form American Funding

American Funding Company has been formed with offices at 92 Liberty Street, New York City, to engage in a securities business. Marvin Lagunoff is a principal.

With Bigelow, Young

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Joseph G. Cook is now affiliated with Bigelow, Young, Inc., 82 Devonshire Street.

Eisenhower's Final Budget Assumes Business Upturn

Continued from page 14

Report will describe the trends which indicate that further substantial increases can be expected during the calendar year 1961, carrying the Gross National Product and personal incomes to new highs.

The budgetary outlook for the future reinforces the need for self-discipline in meeting current national demands. Over the next 10 years and beyond, we will be faced with the consequences of many commitments under present laws for nondefense expenditures, in addition to the heavy military burden we must continue to bear.

We can confidently expect that a growing economy will help pay for these commitments. As the labor force grows and employment expands, as business discovers new techniques of production and invests in a larger and more efficient productive base, the national output and income will grow, and with them our ability to finance needed public services. But our resources will not be unlimited. New and expanded Federal programs being urged by special groups are frequently appealing, but, added to existing commitments, they threaten to swell expenditures beyond the available resources.

The Federal Government cannot reasonably satisfy all demands at the same time. We must proceed first to meet those which are most pressing, and find economies to help pay their costs by reappraising old programs in the light of emerging priorities. We must encourage States and localities to increase further their participation in programs for meeting the needs of their citizens. And we must preserve and strengthen the environment in which individual initiative and responsibility can make their maximum contribution.

Our unsatisfactory balance of international payments provides another compelling reason for pursuing sound financial policies. The relationship between our budgetary actions and the balance of payments needs to be carefully examined to assure a minimum adverse effect. Whether the dollar will continue to enjoy high prestige and confidence in the international financial community will depend on the containment of inflation at home and on the exercise of wise restraint and selectivity in our expenditures abroad.

The need for concern about our spending abroad is not strange or surprising. It results from the recovery, profoundly desired and deliberately encouraged by our country, of the major centers of production in Western Europe and Japan following the devastation and disruption caused by war. To reflect this developing state of affairs, changes are now required in some policies established in earlier years. Therefore, I have prescribed certain actions in international transactions under direct governmental control and others are under study. Such measures, combined with proper financial prudence in the handling of domestic affairs and strong export promotion, should significantly improve our balance of payments.

In summary, if we plan wisely and allocate our resources carefully, we can have both public and private advancement. Sound fiscal policies and balanced budgets will sustain sound economic growth and, eventually, will make possible a reduced tax burden. At the same time, we can have necessary improvements in Federal programs to meet the demands of an ever-changing world. If, however, we deliberately run the Government by credit cards, improvidently spending today at the expense of tomorrow, we will break faith with the American people and their children, and with those joined with us in freedom throughout the world.

Budget Totals — 1961

Current estimates indicate a close balance in the 1961 budget. On the newly adopted basis of excluding interfund transactions, expenditures are estimated at $78.9 billion and receipts at $79.0 billion, resulting in a budget surplus of $0.1 billion. The revenue estimate reflects a justifiably optimistic view as to the course of our economy, based on circumstances described in my Economic Report.

Last January, I proposed a budget for 1961 that showed a surplus of $4.2 billion. The enactment by the Congress of unrecommended expenditures and the unwillingness of the Congress to increase postal rates reduced this prospect by approximately $2 billion. In the meantime, lower corporate profits have materially

reduced our expectation of tax collections from this source.

The small surplus of $79 million currently estimated for 1961 takes into account an assumption that postal rates will be increased not later than April 1, 1961.

Despite the congressional increases in the budget lsat year, the present estimate of $78.9 billion for 1961 expenditures is about $900 million less than the figure of $79.8 billion which appeared in the budget a year ago. The apparent reduction results from (1) the elimination, as announced in last year's burget, of certain interfund transactions totaling $0.7 billion from the current estimate of expenditures and (2) the shift of employment security grants of $0.3 billion to trust fund financing as provided by law. As explained elsewhere in this budget, these changes affect receipts as well as expenditures and do not affect the surplus.

Apart from these accounting adjustments, the increases and decreases from last year's estimate of 1961 expenditures are approximately offsetting.

Major increases from the original budget include $766 million for Federal employee pay raises; $554 million in losses of the postal service because rates were not increased as proposed; $269 million for defense programs; $188 million for health, education, and welfare activities; and $164 million for civil space activities.

Major decreases from the original estimates include $600 million for interest on the public debt; $496 million for the activities of the Commodity Credit Corporation; $311 million for veterans compensation, pensions, and readjustment benefits; $93 million for the Export-Import Bank; and $50 million for military assistance. In addition, a reduction of $160 million is estimated under the proposal to reduce the postal deficit in 1961 by increasing postal rates effective April 1. Other reductions, including a normal downward revision in the allowance for contingencies, total $210 million.

Budget Totals — 1962

For the fiscal year 1962, my recommendations provide for $82.3 billion in budget receipts and $80.9 billion in budget expenditures. The resulting budgetary surplus of $1.5 billion will permit another modest payment on the public debt.

The estimate of receipts in 1962 is $3.3 billion higher than the current estimate for 1961, and $4.6 billion more than the receipts actually collected in 1960. Expenditures are also increasing, from a total of $76.5 billion in 1960 to $78.9 billion currently estimated for 1961 and $80.9 billion proposed for 1962.

Budget Expenditures — The increase of $1.9 billion in estimated expenditures between 1961 and 1962 reflects several factors which are worthy of special note.

First, outlays for our Nation's defenses are estimated to rise by $1.4 billion in 1962 to a total of $42.9 billion. Much of this increase reflects continued emphasis on certain expanding defense programs, such as Polaris submarines, the Minuteman missile, the B-70 long-range bomber, a strengthened airborne alert capability, airlift modernization, and modernization of Army equipment. . . .

Second, the budget provides for substantial continuing efforts to support the cause of freedom through the mutual security program. Expenditures for this program in 1962 are estimated at $3.6 billion, an increase of $250 million over 1961.

Third, civil space vehicles and space exploration will require $965 million in 1962, up $195 million from 1961, and $564 million more than in 1960. In total, the recommendations in this budget provide for $9.4 billion in expenditures in 1962 for carrying forward research and development efforts, of which $7.4 billion is for major national security purposes. The total represents an increase of $770 million over 1961. As part of the overall research and development effort, increasing Federal support for basic research is being provided. This budget includes $1 billion for the conduct and support of basic research in universities, industrial establishments, Government laboratories, and other centers of research.

Fourth, increases in expenditures are proposed for certain activities important to domestic well-being and to the future development of our Nation. . . .

Budget Receipts — Estimated budget receipts of $82.3 billion in 1962 are based on an outlook for higher production, employment, and income as the calendar year 1961 progresses. The accompanying table shows the sources of budget receipts for the fiscal years 1960, 1961, and 1962.

* * *

Foresees Need to Raise Debt Ceiling

Achievement of the proposed budget surplus for 1962 will enable the Federal Government to make another modest reduction in the public debt. It is estimated that the public debt, which stood at $286.3 billion on June 30, 1960, will decline to $284.9 billion by the end of fiscal year 1961 and to $283.4 billion on June 30, 1962.

If the Congress accepts the proposals in this budget, and the proposed budget surplus for fiscal year 1962 is achieved, at the end of that year the Government will have some operating leeway within the permanent debt limit of $285 billion. Due to the seasonal pattern of tax collections, however, it will again be necessary for the Congress to provide a temporary increase in the debt limit during 1962. The present temporary debt limit of $293 billion expires June 30, 1961.

The Congress is again urged to remove the 4¼% statutory limitation on new issues of Treasury bonds, which remains a serious obstacle to efficient long-run management of the public debt. The marketable debt is still too heavily concentrated in securities of relatively short maturity, with almost 80% of the total coming due within five years. Although interest rates have declined in recent months, the continued existence of the interest rate ceiling limits the flexibility of debt operations by the Treasury. It effectively prevents the Treasury under certain circumstances from lengthening the debt by offering longer term securities or exchanges at maturity and, more importantly, it reduces considerably the possible use of the advance refunding technique, which offers the greatest promise for lengthening the average maturity of the debt.

Improvements in the Tax System

There is a continuing need for a reappraisal of the tax system to assure that it operates equitably and with a minimum of repressive effects on incentives to work, save, and invest. Continued close cooperation between the Treasury and the committees of the Congress is necessary to formulate sound and attainable proposals for the long-range improvement of the tax laws.

However, as the development of a comprehensive tax revision program will take time, the Congress should consider promptly this year certain changes in the tax laws to correct inequities. For example, it is again recommended that the Congress promptly consider amending the laws on taxation of cooperatives to provide for more equitable taxation by insuring that taxes are paid on the income of these businesses either by the cooperative or by its members.

It has been many years since certain of the tax laws which now apply to the Nation's various private lending institutions and to fire and casualty insurance companies became effective. The Congress should review these statutes and the tax burdens now carried by lending institutions and insurance companies to determine whether or not inequities exist and to remedy any inequitable situations which may be found. The Treasury Department has under way studies relating to the operation of the existing statutes in this area. These studies should be of assistance to the Congress in any such review.

There is a need for review of present depreciation allowances and procedures. More liberal and flexible depreciation can make a major contribution toward neutralizing the deterrent effects of high tax rates on investment. A better system of capital recovery allowances would provide benefits to those who invest in productive plant and equipment and would encourage business expenditures for modernization and greater efficiency, thus helping to foster long-range economic growth. By bringing the allowances for American business more nearly into line with those available to many foreign producers, improved depreciation procedures would not only strengthen the competitive position of American producers, but their benefits would also accrue to American workers through increased productivity and greater job opportunity.

The depreciation rules should not be substantially liberalized, however, without accompanying remedial legislation with respect to the taxation of gains from sale of depreciable property. The legislation recommended last year to treat income on disposition of depreciable property as ordinary income to the extent of the depreciation deductions previously taken on the property is an essential first step.

* * *

In my first budget message to the Congress, I described the philosphy of this administration in the following words:

"By using necessity — rather than mere desirability—as the test for our expenditures, we will reduce the share of the national income which is spent by the Government. We are convinced that more progress and sounder progress will be made over the years as the largest possible share of our national income is left with individual citizens to make their own countless decisions as to what they will spend, what they will buy, and what they will save and invest. Government must play a vital role in maintaining economic growth and stability. But I believe that our development, since the early days of the Republic, has been based on the fact that we left a great share of our national income to be used by a provident people with a will to venture. Their actions have stimulated the American genius for creative initiative and thus multiplied our productivity."

This philosophy is as appropriate today is it was in 1954. And it should continue to guide us in the future.

Over the past eight years, we have sought to keep the role of the Federal Government within its proper sphere, resisting the ever-present pressures to initiate or expand activities which could be more appropriately carried out by others. At the same time, the record of this administration has been one of action to help meet the urgent and real needs of a growing population and a changing economy. For example, Federal expenditures between 1953 and 1961 for aids to education have more than doubled; outlays for public health have more than tripled; civil aviation expenditures have more than quadrupled; highway expenditures are five times the 1953 level; and urban renewal expenditures are more than seven times as great.

The major increases in spending which have taken place have not been devoted to the tools of war and destruction. A military posture of great effectiveness and strong retaliatory capability has been maintained without increasing defense expenditures above 1953, despite rising costs. We have, fortunately, been able to direct more of our public resources toward the improvement of living conditions and the enlargement of opportunities for the future growth and development of the Nation.

By applying the test of necessity rather than desirability to the expenditures of government, we have made significant progress in both public and private affairs during the past eight years. And it is significant that requirements have been met while holding budget expenditures to a lesser proportion of the national income than in 1953.

The 1962 budget has been designed to promote further advancement for all of our people on a sound and secure basis. In that spirit, I commend it to the consideration of the next administration and the Congress.

DWIGHT D. EISENHOWER.

January, 16, 1961.

Gulf States Com. Stock Marketed

Offering of 350,000 shares of Gulf States Utilities Company common stock was made on Jan. 18 by an underwriting group headed by Merrill Lynch, Pierce, Fenner & Smith, Incorporated and Lehman Brothers at $36.75 per share. The group won award of the issue at competitive sale on Jan. 17 on its bid of $36.161 per share.

Proceeds to be received from the sale of these shares will be used to pay off short-term notes due Dec. 31, 1961, issued to provide funds for construction purposes, and the balance will be used to carry forward the construction program and for other corporate purposes. It is presently expected that construction expenditures for the years 1960-61 will total approximately $90,000,000. In addition to the proceeds from the sale of these shares and $17,018,683 obtained in July of last year from the sale of first mortgage bonds, it is presently anticipated that through 1961 the company's construction program may require approximately $25,000,000 of additional financing including temporary bank loans.

Upon completion of the present financing, outstanding capitalization will consist of $197,500,000 of long-term debt; 525,000 shares of various dividend preferred stocks; and 10,373,664 shares of common stock out of a total authorized issue of 20,000,000 shares.

Gulf States Utilities Co. is engaged in the business of generating, transmitting, distributing and selling at retail electric energy in an area in southeastern Texas and in south central Louisiana, comprising 28,000 square miles. The company sells electric and gas appliances and cooperates with dealers in stimulating sales of such appliances.

J. C. Bradford Branch

KINGSPORT, Tenn.—J. C. Bradford & Co. has opened a branch office at 330 Commerce Street under the management of James W. Cawood.

Restaurant Assoc. Com. Marketed

An underwriting group headed by Shearson, Hammill & Co. offered on Jan. 18, 245,000 shares of $0.10 par value common stock of Restaurant Associates, Inc., New York City operator of a wide variety of restaurants ranging from The Four Seasons and The Forum of the Twelve Caesars to popular-priced coffee shops and cafeterias. The offering price is $11 per share. One hundred ninety-five thousand shares are being sold by the company and 50,000 shares for the account of stockholders of the company. This is the first public offering of the company's shares.

Restaurant Associates operates The Four Seasons and The Forum of the Twelve Caesars, both well-known luxury establishments, and also runs such moderate-priced restaurants as Leone's, La Fonda del Sol, the Brasserie, the Hawaiian Room and Paul Revere Tavern of the Hotel Lexington, and The Newarker at Newark Airport.

The company recently began operation of restaurant facilities known as the Tower Suite on the 48th floor of the new Time & Life Building. This restaurant will serve as a private luncheon club for members of the Hemisphere Club and will be open to the public for dinner seven nights a week. The 47th floor of the building is also occupied by the Tower Suite restaurant facilities of the company and will be used for private dining rooms for various business organizations.

At the Island Inn, a luxury motor hotel near Roosevelt Raceway in Westbury, L. I., Restaurant Associates furnishes managerial consulting services for the John Peel restaurant and the Patio Cafe coffee shop. In addition, the company operates a number of popular-priced restaurants, including 14 Riker's coffee shops, the Coffee House at Ohrbach's department store, the coffee shop and snack bar at Newark Airport and three cafeterias in New York City. The company expects to begin operation of food establishments at La Guardia Airport in 1961.

Since June, 1959 Restaurant Associates has added six major restaurants to its operations, and intends to apply the net proceeds from the shares being sold by the company to reduce the amount of its accounts payable and accrued expenses and to augment working capital which it is using in connection with its expansion program.

Cons. Circuit Com. Stock Is Offered

Pursuant to a Jan. 16 offering circular, Russell & Saxe., Inc., 50 Broad St., New York 4, N. Y., publicly offered 125,000 shares of the 1¢ par common stock of Consolidated Circuit Corp. at $1 per share.

The net proceeds to the company, estimated at approximately $100,000, will be used for working capital, machinery and equipment, and debt reduction.

Consolidated Circuit Corp., a New York corporation, was incorporated on Nov. 28, 1960, and thereupon acquired all the outstanding stock of Consolidated Printed Circuit Corp., a California corporation, organized on Nov. 3, 1959 to acquire the business of a joint venture organized on Aug. 1, 1959. The company's executive offices and principal manufacturing facilities are located at 837 East Orangethorpe, Anaheim, Calif.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

1960 A Banner Year for Electric Utilities

During 1960 the electric utilities were able to maintain their post-war pattern of growth in sales and revenues, which had been uninterrupted by the recessions of 1949, 1952 and 1958 as well as the moderate setback in the second half of 1960. Residential kwh. sales increased nearly 9%, commercial over 7%, and large industrial nearly 5%—the average gain being 6.5%. Revenues increased in about the same proportion, reaching $11.5 billion. About 1.1 million new customers were added, bringing the total to 58.6 million; and the average residential customer used 6% more electricity than in the previous year despite a disappointing showing with respect to sale of appliances.

The industry installed 12.6 million kw. of new generating capability, bringing the total to about 176 million kw. The industry now has about 26% excess capacity, which seems adequate for all emergencies short of a hydrogen bomb war. The investor-owned electric utilities spent some $3.4 billion on construction in 1960, bringing the gross investment in electric plant to about $46 billion; these expenditures approximated 10% of the total spent by American industry for construction during the year.

In 1960 the electric utilities sold $1.8 billion of new securities—about half the amount for all utilities. This consisted of $1,470 million debt securities, $201 million preferred stock and $130 million common stock, of which about $81 million was offered publicly and $49 million through subscription rights. Equity financing was far below the $543 million of the previous year, despite the fact that electric utility stocks remained popular with investors; probably the improved money market resulted in the larger bond financing.

Continued progress was made in reducing the cost of generating electricity. Bigger generators are being installed, more completely automatic than the old units—the "Little Gypsy" plant of Middle South Utilities can be made completely automatic. The trend toward bigger units has been facilitated by groups of companies pooling their power and rotating the construction of large new plants. Increasing interconnections have resulted in higher load factors and greater diversity. The Edison Electric Institute has now set up a new division to administer an expanded national research program. Much higher voltages are being used to transmit electricity; General Public Utilities has installed an experimental line operated at 460 KV and General Electric is experimenting with lines as high as 750 KV—compared with the 230 KV and 345 KV maximum voltages now in general use. The heavier voltages will permit sending power commercially to greater distances, it is hoped, thus permitting big units to be located near coal mines to save transporting the coal.

In the field of atomic power progress has been slower than had been envisioned some years ago. However, the electric utilities have a substantial construction program involving 26 projects and costing some $650 million. The Commonwealth Edison plant at Dresden, Ill. — the first one to fully reflect the private utility program—has been completed by General Electric on schedule, within budgeted cost, and is now in operation. The cost of power at this plant will be much lower than at Shippingsport (which was constructed by the government, but is now used by Duquesne Light) but will not be initially competitive with fuel-burning plants. It is hoped that, with further experience and research, future plants will narrow the cost gap and will eventually compete with conventional plants.

Marketwise, the electric utility stocks have been star performers in 1960 and early 1961. While many industrial stocks declined in 1960, electric utilities gained about 16%. Based on the latest available figures, net income, share earnings and dividends were up about 7%. The utilities earned a little over 6% on year-end rate base, their traditional rate of return. It is true, however, that earnings were favored by the spread of a liberal accounting procedure known as "flow through" of tax savings resulting from the use of accelerated depreciation used for tax purposes. More state commissions are ordering the use of this booking method, which eliminates reserves for a possible future increase in taxes. The whole subject of depreciation will probably be given another going-over by Congress, but Mr. Kennedy's economic advisers seem to lean toward increased depreciation allowances in tax returns as a stimulant to construction and business activity. Hence, any change in the Tax Code which might end accelerated depreciation seems unlikely at this time.

The outlook for 1961 remains generally favorable though clouded somewhat by increasing unemployment and the uncertainties regarding Administration policies. Public power proponents may seek to revive grandiose plans for big projects in the Pacific Northwest—the defeat over Hell's Canyon still rankles. Congress may order the huge Hanford atomic plant, being built to produce plutonium for defense use, revamped to generate a huge amount of electric power in addition. Joint development of the Columbia River's big remaining hydroelectric potential by Canada and the U. S. is also a probability.

In the TVA area there might conceivably be some attempt to enlarge the scope of the agency's operations. TVA did its first public financing recently and is planning to install huge steam generating units of 800,000 kw. each, located near the coal mines. This will mean very cheap power and there is always the temptation that Congress will open the door to new municipalities to apply for TVA power (last year's legislation limited the extent of further TVA acquisitions).

While earnings of the electric utilities as a whole are certainly not excessive, and in some areas such as New England, New York and California seem too low, the market popularity of the utility stocks as a group may lead some commissions to feel that earnings are excessive and that consumers are not getting a fair break. The commission in Pennsylvania has recently checked the earnings of utilities in that state and ordered several moderate rate cuts. Florida Power & Light has been ordered to reduce rates by an amount equivalent to about the average yearly gain in earnings. Requested rate increases in several states such as New Jersey, California, etc., have been granted only in part, with the additional increases provided by a change in accounting (use of flow-through of tax savings rather than normalization). On the whole, however, the utilities have not been treated too badly, and it is hoped that commissions in such states as New York, Maine, New Hampshire, Rhode Island and California will raise the rate of return in those states closer to the general level. They should remember that fair and even liberal treatment by the commissions helps consumers as well as stockholders—by making the stocks of their utilities more popular with investors and thus permitting lower-cost equity financing of construction programs.

Long-range forecasts for the electric light and power companies indicate that the industry should continue to double every decade—about the average showing in the past although wars and depressions have brought irregularities. With $43 billion now invested in plant, the industry expects to add $52 billions in the 1960s and $91 billion more in the 1970s (these figures will be partially offset by plant retirements). Such long-range plans will, however, be subject to possible revolutionary changes in the production of electricity through developments in fuel cells, thermoelectric apparatus, fusion, etc.

P. J. FitzGerald to Be Limited Partner

Philip J. FitzGerald, nationally recognized investment analyst, will retire as a general partner of Dean Witter & Co. on Feb. 1, the firm has announced.

Philip J. FitzGerald

The head of Dean Witter's 72-man research department will become a limited partner of the firm. He will maintain an office at Witter headquarters at 45 Montgomery Street, San Francisco and will continue to provide counsel to the company.

Mr. FitzGerald joined Dean Witter in 1938 and has been a general partner of the firm since 1940. He served in the U. S. Army from 1941 to 1945, where he became a Lieutenant Colonel and special advisor to the Chief of Chemical Warfare, Materiel Control.

It was under his guidance the Witter research staff was expanded to become one of the largest in the investment industry. He is the author of the firm's annual market study, "A Positive Investment Policy," and of numerous detailed studies on leading western corporations.

News About Banks-Bankers

Continued from page 24

remain President and Chief Executive Officer.

* * *

William L. Behan, Jr. was elected to the Board of Directors of **First National Bank in St. Louis, Mo.**

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A. A. Bercaw, Assistant Vice President, has been elected Vice President of **First National Bank in St. Louis, Mo.**

* * *

St. Louis Union Trust Company, St. Louis, Mo., elected new company officers.

Eugene F. Williams, Jr., Secretary, was elected Vice-President and Secretary; John W. Kouri, Pension Trust Officer, was elected Vice-President, and Harry L. Miller, Assistant Vice-President, was elected Vice-President.

Mr. Calhoun, President, also announced the appointment of Joseph P. Dee as a Trust Officer, and the appointment of three investment Officers: Francis W. Ayer, Robert L. Doelling and William P. Shaffer.

* * *

C. J. Hauser was elected a Director of **Jefferson-Gravois Bank, St. Louis, Mo.**, on Jan. 12, Relly E. Andrews, President, has announced.

* * *

George D. Gee has been elected to the Board of Directors of the **Broadway National Bank of Kansas City, Kansas City, Missouri.**

* * *

The First National Bank in St. Louis, Mo., has elected Jefferson L. Miller, and Kenneth H. Brune, both Assistant Vice-Presidents, to Vice-Presidents.

* * *

The First National Bank of Kansas City, Kansas City, Mo., has increased its common capital stock from $7,500,000 to $9,000,000, by a stock dividend, effective Dec. 30. (Number of shares outstanding—360,000 shares, par value $25).

* * *

The Bank of Middletown, Middletown, Ky., and the **Liberty National Bank and Trust Company of Louisville, Louisville, Ky.**, have officially merged under the title of **Liberty National Bank and Trust Company of Louisville.**

* * *

The application of the **Wachovia Bank and Trust Company, Winston-Salem, N. C.**, to merge with the **Commercial National Bank of Kinston, Kinston, N. C.**, under the Title of **Wachovia Bank and Trust Company**, has been approved. The merger will be effective Jan. 4.

* * *

The **First National Bank of Atlanta, Ga.**, is offering its shareholders of record Dec. 30, 1960 rights to subscribe at $35 per share for 150,000 additional common shares on the basis of three shares for each twenty held. The rights will expire at 2 p.m. EST on Jan. 20.

An underwriting group headed by Merrill Lynch, Pierce, Fenner & Smith Incorporated; The Robinson-Humphrey Company, Inc.; and Courts & Co. have agreed to purchase any unsubscribed shares.

Proceeds from the sale of the shares will be used to enable the Bank to meet the expanding financial requirements of major customers and to serve the financial needs of its trade area.

At Nov. 30, 1960 the Bank had total resources of $478,200,000 and total capital funds of $37,900,000.

* * *

By a stock dividend, **The First National Bank of Bradenton, Bradenton, Fla.**, has increased its common capital stock from $750,000 to $1,000,000, effective Dec. 12. (Number of shares outstanding—200,000 shares, par value $5).

A charter has been issued to the **Boca Raton National Bank, Boca Raton, Palm Beach County, Fla.** Its President is Milton N. Weir, its Cashier is Harold P. Anderson, and the Bank will have a total of $750,000 in surplus and capital.

* * *

Dwain G. Luce has been appointed a Vice-President of the **First National Bank of Mobile, Alabama.**

Mr. Luce resigned as Senior Vice-President and Director of the **American National Bank & Trust Company of Mobile, Alabama**, on Oct. 31, 1960.

During that time, he was one of the organizers of the **Central Bank of Mobile, Alabama**, and served as its President from its opening in November, 1954 until March, 1959 when it was merged with the **American National Bank & Trust Company.**

* * *

The application of the **Deposit Guaranty Bank & Trust Company, Jackson, Miss.**, to merge with **Rankin County Bank, Brandon, Miss.**, under the title of **Deposit Guaranty Bank & Trust Company**, has been disapproved.

* * *

By the sale of new stock, the **Florida National Bank at Vero Beach, Vero Beach, Fla.**, has increased its common capital stock from $150,000 to $250,000, effective Dec. 27. (Number of shares outstanding—10,000 shares, par value $25).

* * *

The First Columbus National Bank, Columbus, Miss. has increased its common capital stock from $175,000 to $210,000, by the sale of new stock, and from $210,000 to $300,000 by a stock dividend, effective Dec. 22. (Number of shares outstanding — 30,000 shares, par value $10).

* * *

The National Bank of Bossier City, Bossier City, La., has increased its common capital stock from $300,000 to $350,000 by a stock dividend, and from $350,000 to $450,000 by the sale of new stock, effective Dec. 20. Number of shares outstanding — 36,000 shares, par value $12.50).

* * *

Fred Farrel Florence, Chairman of the Executive Committee and former President of the **Republic National Bank of Dallas, Dallas, Texas**, died Dec. 25.

* * *

The Citizens National Bank of Austin, Austin, Travis County, Texas, has been chartered. Its President is J. W. Munson, and Cashier is W. A. McGinty. It has a total of $500,000 in surplus and capital.

* * *

George W. Chambers has been elected to the board of the **First National Bank of Arizona, Phoenix, Ariz.**

* * *

The Great Falls National Bank, Great Falls, Montana, has increased its common capital stock from $800,000 to $1,000,000 by a stock dividend, effective Dec. 19. (Number of shares outstanding—10,000 shares, par value $100).

* * *

The First Westside National Bank of Great Falls, Great Falls, Mont., has increased its common capital stock from $150,000 to $250,000, by a stock dividend, effective Dec. 21. (Number of shares outstanding—2,500 shares, par value $100).

* * *

A charter has been issued to the **First National Bank of Cut Bank, Cut Bank, Glacier County, Montana.** Its President is Richard A. Kullberg, and its Cashier is H. M. Emerson, Jr. It has a total of $250,000 in surplus and capital.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (per cent capacity)	Jan. 21	50.5	46.6	48.3	Not Avail.
Equivalent to—					
Steel ingots and castings (net tons)	Jan. 21	1,482,000	1,361,000	1,325,000	2,727,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Jan. 6	7,164,710	7,172,910	7,152,060	7,106,875
Crude runs to stills—daily average (bbls.)	Jan. 6	8,167,000	8,245,000	7,887,000	8,396,000
Gasoline output (bbls.)	Jan. 6	29,333,000	30,058,000	28,771,000	29,230,000
Kerosene output (bbls.)	Jan. 6	3,351,000	3,207,000	2,928,000	2,731,000
Distillate fuel oil output (bbls.)	Jan. 6	13,272,000	13,707,000	12,859,000	13,821,000
Residual fuel oil output (bbls.)	Jan. 6	6,668,000	6,706,000	6,658,000	7,240,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Jan. 6	199,925,000	195,703,000	187,136,000	193,948,000
Kerosene (bbls.) at	Jan. 6	30,844,000	32,048,000	35,353,000	26,852,000
Distillate fuel oil (bbls.) at	Jan. 6	135,232,000	142,246,000	167,038,000	144,134,000
Residual fuel oil (bbls.) at	Jan. 6	44,991,000	46,092,000	48,820,000	52,358,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Jan. 7	439,193	406,346	517,653	589,801
Revenue freight received from connections (no. of cars)	Jan. 7	426,670	391,083	480,269	505,626
CIVIL ENGINEERING CONSTRUCTION—ENGINEERING NEWS-RECORD:					
Total U. S. construction	Jan. 12	$623,900,000	$407,400,000	$300,900,000	$415,600,030
Private construction	Jan. 12	360,100,000	121,400,000	171,900,000	225,900,000
Public construction	Jan. 12	263,800,000	286,300,000	129,000,000	189,700,000
State and municipal	Jan. 12	177,100,000	220,300,000	93,200,000	147,100,000
Federal	Jan. 12	86,700,000	66,000,000	35,800,000	42,600,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Jan. 7	6,960,000	*6,715,000	7,475,000	9,000,000
Pennsylvania anthracite (tons)	Jan. 7	369,000	365,000	402,000	401,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Jan. 7	118	117	296	132
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Jan. 14	14,684,000	14,245,000	15,021,000	14,236,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Jan. 12	335	265	351	292
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Jan. 9	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Jan. 9	$66.44	$66.32	$66.32	$66.41
Scrap steel (per gross ton)	Jan. 9	$31.17	$31.17	$28.50	$41.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Jan. 11	29.525c	29.600c	29.600c	33.925c
Export refinery at	Jan. 11	26.375c	27.425c	28.425c	30.825c
Lead (New York) at	Jan. 11	11.000c	11.000c	12.000c	12.000c
Lead (St. Louis) at	Jan. 11	10.800c	10.800c	11.800c	11.800c
‡Zinc (delivered) at	Jan. 11	12.000c	12.500c	13.500c	13.500c
Zinc (East St. Louis) at	Jan. 11	11.500c	12.000c	13.000c	13.000c
Aluminum (primary pig, 99.5%) at	Jan. 11	26.000c	26.000c	26.000c	26.000c
Straits tin (New York) at	Jan. 11	100.125c	100.500c	101.500c	99.375c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Jan. 17	86.75	86.98	87.48	80.33
Average corporate	Jan. 17	86.78	86.65	86.65	83.40
Aaa	Jan. 17	91.34	91.19	91.05	87.32
Aa	Jan. 17	89.09	88.95	88.81	85.07
A	Jan. 17	86.24	86.11	86.11	83.28
Baa	Jan. 17	80.93	81.05	81.05	78.20
Railroad Group	Jan. 17	84.04	83.91	83.91	81.42
Public Utilities Group	Jan. 17	87.72	87.86	87.86	83.15
Industrials Group	Jan. 17	88.54	88.40	88.13	85.45
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Jan. 17	3.93	3.89	3.83	4.55
Average corporate	Jan. 17	4.65	4.66	4.66	4.91
Aaa	Jan. 17	4.32	4.33	4.34	4.61
Aa	Jan. 17	4.48	4.49	4.50	4.78
A	Jan. 17	4.69	4.70	4.70	4.92
Baa	Jan. 17	5.11	5.10	5.10	5.34
Railroad Group	Jan. 17	4.86	4.87	4.87	5.07
Public Utilities Group	Jan. 17	4.58	4.57	4.57	4.93
Industrials Group	Jan. 17	4.52	4.53	4.55	4.75
MOODY'S COMMODITY INDEX	Jan. 17	359.2	361.1	354.9	379.8
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Jan. 7	207,300	231,673	290,643	293,514
Production (tons)	Jan. 7	167,049	163,709	316,846	261,488
Percentage of activity	Jan. 7	77	39	91	80
Unfilled orders (tons) at end of period	Jan. 7	408,384	371,656	380,598	456,855
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Jan. 13	109.70	109.70	108.89	111.46
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Dec. 23	2,768,130	2,870,150	1,876,370	1,798,999
Short Sales	Dec. 23	428,050	492,810	373,810	229,840
Other sales	Dec. 23	2,059,970	2,310,180	1,492,970	1,504,956
Total sales	Dec. 23	2,488,020	2,802,990	1,866,780	1,734,796
Other transactions initiated off the floor—					
Total purchases	Dec. 23	470,340	453,340	319,890	219,620
Short Sales	Dec. 23	31,200	38,800	22,800	22,200
Other sales	Dec. 23	326,660	358,280	245,550	212,830
Total sales	Dec. 23	357,860	397,080	268,350	235,030
Other transactions initiated on the floor—					
Total purchases	Dec. 23	951,513	883,413	628,230	570,235
Short Sales	Dec. 23	144,540	138,800	127,710	59,920
Other sales	Dec. 23	1,016,021	737,835	578,364	506,944
Total sales	Dec. 23	1,160,561	876,635	706,074	566,864
Total round-lot transactions for account of members—					
Total purchases	Dec. 23	4,189,983	4,206,903	2,824,490	2,588,854
Short Sales	Dec. 23	603,790	670,410	524,320	311,960
Other sales	Dec. 23	3,402,651	3,406,295	2,316,884	2,224,730
Total sales	Dec. 23	4,006,441	4,076,705	2,841,204	2,536,690
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Dec. 23	1,618,289	1,567,882	1,220,513	1,269,679
Dollar value	Dec. 23	$80,123,202	$77,906,877	$58,889,290	$65,892,943
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Dec. 23	1,980,023	1,827,512	1,248,811	1,184,808
Customers' short sales	Dec. 23	7,313	11,468	13,342	4,018
Customers' other sales	Dec. 23	1,972,710	1,816,040	1,235,469	1,180,790
Dollar value	Dec. 23	$90,520,319	$84,360,682	$56,643,563	$60,335,139
Round-lot sales by dealers—					
Number of shares—Total sales	Dec. 23	715,430	649,540	393,540	300,210
Short Sales	Dec. 23	------	------	------	------
Other sales	Dec. 23	715,430	649,540	393,540	300,210
Round-lot purchases by dealers—Number of shares	Dec. 23	382,890	392,110	382,720	396,240
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short Sales	Dec. 23	735,780	837,010	684,200	357,020
Other sales	Dec. 23	18,748,160	17,720,580	12,487,970	11,554,720
Total sales	Dec. 23	19,483,940	18,557,590	13,172,170	11,911,740
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Jan. 10	119.8	119.8	119.4	119.2
Farm products	Jan. 10	89.7	88.9	89.5	86.7
Processed foods	Jan. 10	109.9	110.0	109.4	105.5
Meats	Jan. 10	98.8	98.5	97.2	91.5
All commodities other than farm and foods	Jan. 10	128.0	127.9	127.8	128.7

*Revised figure. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
AMERICAN ZINC INSTITUTE, INC.—Month of December:			
Slab zinc smelter output all grades (tons of 2,000 pounds)	72,933	60,841	69,666
Shipments (tons of 2,000 pounds)	64,272	68,980	91,404
Stocks at end of period (tons)	190,810	182,149	154,419
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of November:			
Manufacturing number	231	229	195
Wholesale number	124	139	124
Retail number	617	613	520
Construction number	228	231	186
Commercial service number	111	132	105
Total number	1,311	1,344	1,130
Manufacturing liabilities	$28,887,000	$16,104,000	$17,266,000
Wholesale liabilities	9,091,000	9,989,000	5,541,000
Retail liabilities	22,493,000	20,894,000	15,244,000
Construction liabilities	16,683,000	17,877,000	12,136,000
Commercial service liabilities	7,309,000	16,644,000	3,027,000
Total liabilities	$84,463,000	$81,508,000	$53,214,000
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES—Month of November (Millions of dollars):			
Manufacturing	$52,200	$54,300	$51,800
Wholesale	13,700	13,600	12,900
Retail	26,500	25,900	25,200
Total	$94,400	$93,800	$89,800
COAL OUTPUT (BUREAU OF MINES)—Month of December:			
Bituminous coal and lignite (net tons)	31,885,000	37,720,000	40,554,000
Pennsylvania anthracite (net tons)	1,724,000	*1,626,000	1,965,000
CONSUMER PRICE INDEX — 1947-49=100— Month of November:			
All items	127.4	127.3	125.6
Food	121.1	120.9	117.9
Food at home	118.4	118.2	115.1
Cereal and bakery products	138.6	138.5	134.2
Meats, poultry and fish	109.9	110.0	107.9
Dairy products	118.9	118.4	116.0
Fruits and vegetables	126.2	124.8	123.4
Other food at home	111.6	112.0	106.4
Food away from home (Jan. 1953=100)	119.6	119.4	117.2
Housing	132.1	132.2	130.4
Rent	142.7	142.5	140.5
Gas and electricity	125.7	125.7	121.7
Solid fuels and fuel oil	136.3	136.1	135.9
Housefurnishings	104.0	104.0	104.4
Household operation	138.3	138.1	135.4
Apparel	110.7	111.0	109.4
Men's and boys'	112.0	112.2	109.1
Women's and girls'	101.4	101.8	100.9
Footwear	140.3	140.5	139.2
Other apparel	94.1	93.9	93.3
Transportation	146.5	146.1	149.0
Private	134.4	134.1	137.9
Public	204.3	202.6	196.0
Medical care	157.4	157.3	153.0
Personal care	133.9	134.0	132.7
Reading and recreation	122.5	121.9	120.0
Other goods and services	132.7	132.7	131.6
DEPARTMENT STORE SALES—FEDERAL RESERVE SYSTEM—1947-49 Average=100— Month of December:			
Adjusted for seasonal variation	146	*142	146
Without seasonal adjustment	261	*171	260
EDISON ELECTRIC INSTITUTE—			
Kilowatt-hour sales to ultimate consumers—Month of October (000's omitted)	55,166,180	57,343,999	52,103,773
Revenue from ultimate customers—Month of October	$942,011,000	$977,393,000	$891,131,000
Number of ultimate customers at Oct. 31—	58,407,280	58,323,594	57,301,024
LIFE INSURANCE BENEFIT PAYMENTS TO POLICYHOLDERS—INSTITUTE OF LIFE INSURANCE—Month of October:			
Death benefits	$258,400,000	$260,900,000	$244,900,000
Matured endowments	52,800,000	50,900,000	50,300,000
Disability payments	10,300,000	9,600,000	10,100,000
Annuity payments	58,800,000	56,500,000	54,300,000
Surrender values	132,900,000	125,900,000	124,400,000
Policy dividends	112,900,000	129,500,000	108,200,000
Total	$626,100,000	$633,300,000	$592,200,000
METAL OUTPUT (BUREAU OF MINES)— Month of October:			
Mine production of recoverable metals in the United States—			
Gold (in fine ounces)	166,784	*173,799	104,822
Silver (in fine ounces)	2,222,340	*2,443,383	1,990,794
Copper (in short tons)	98,049	*97,467	29,913
Lead (in short tons)	17,735	*18,079	20,955
Zinc (in short tons)	28,065	*30,295	30,598
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE—1910-1914 = 100 — As of Nov. 15:			
All farm products	241	240	231
Crops	218	220	217
Commercial vegetables, fresh	217	193	242
Cotton	254	267	260
Feed, grain and hay	136	147	150
Food grains	204	200	206
Fruit	261	272	197
Oil-bearing crops	213	209	216
Potatoes	181	165	168
Tobacco	502	508	499
Livestock	261	258	243
Dairy products	281	278	280
Meat animals	289	288	276
Poultry and eggs	180	175	139
Wool	219	222	230
RAILROADS EARNINGS CLASS I ROADS (ASSOCIATION OF AMERICAN RRs.)—Month of November:			
Total operating revenues	$756,526,848	$815,774,233	$780,816,960
Total operating expenses	603,416,822	624,812,399	617,366,373
Taxes	75,873,631	87,889,790	78,775,316
Net railway operating before charges	47,011,817	69,781,939	56,264,376
Net income after charges (estimated)	34,000,000	55,000,000	41,000,000
REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of Oct. (000's omitted):			
Savings and loan associations	$1,052,511	$1,096,716	$1,152,274
Insurance companies	105,861	111,396	146,095
Banks and trust companies	371,560	380,640	462,817
Mutual savings banks	146,475	144,396	167,610
Individuals	328,578	344,471	348,787
Miscellaneous lending institutions	520,161	519,920	521,870
Total	$2,525,146	$2,597,939	$2,799,453

STATE OF TRADE AND INDUSTRY

Continued from page 5

Motors Corp. assembly at Kenosha, Wis., making a production adjustment to field inventories. Also off all week were Mercury plant at Wayne, Mich., and the Ford-Mercury facility at Los Angeles. Studebaker - Packard Corp. in South Bend, Ind., worked three days. All Chrysler Corp. assembly plants returned to five-day operations this week following two-week layoffs at most sites.

Of the week's car production, General Motors accounted for 55%, Ford Motor Co. 30.6%, Chrysler Corp. 13.5%, and Studebaker-Packard 0.9%.

Electric Output 3.1% Higher Than in 1959 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Jan. 14, was estimated at 14,684,000,000 kwh., according to the Edison Electric Institute. Output was 439,000,000 kwh. above that of the previous week's total of 14,245,000,000 kwh. and showed a gain of 448,000,000 kwh., or 3.1% above that of the comparable 1959 week.

Carloadings for Jan. 7 Week Show 25.5% Drop From 1960 Week

Loading of revenue freight for the week ended Jan. 7, 1961, totaled 439,193 cars, the Association of American Railroads announced. This was a decrease of 150,608 cars or 25.5% below the corresponding week in 1960, and a decrease of 111,473 cars or 20.2% below the corresponding week in 1959. Comparisons are distorted as New Year's Day holiday fell in the current week but there was no holiday in the 1960 or the 1959 weeks.

Loadings in the week of Jan. 7, were 32,847 cars or 8.1% above the preceding week.

There were 8,145 cars reported loaded with one or more revenue highway trailers or highway containers (piggyback) in the week ended Dec. 31, 1960 (which were included in that week's over-all total). This was an increase of 1,484 cars or 22.3% above the corresponding week of 1959 and 3,375 cars of 70.8% above the 1958 week.

Piggyback loadings for the year 1960 totaled 554,212. This was an increase of 137,713 cars or 33.1% compared with 1959, and 276,141 cars or 99.3% above 1958. There were 54 Class I U. S. railroad systems originating this type traffic in the current week compared with 50 one year ago and 42 in the corresponding week of 1958.

Lumber Shipments Down 1.2% During Jan. 7, 1961 Week

Lumber shipments of 439 mills reporting to the National Lumber Trade Barometer were 1.2% below production during the holiday week ended Jan. 7, 1961. In the same week, new orders of these mills were 0.2% below production. Unfilled orders of reporting mills amounted to 24% of gross stocks. For reporting softwood mills, unfilled orders were equivalent to 13 days' production at the current rate, and gross stocks were equivalent to 52 days' production.

For the year-to-date, shipments of reporting identical mills were 1.2% below production; new orders were 0.2% below production.

Compared with the previous holiday week ended Dec. 31, 1960, production of reporting mills was 30.1% above; shipments were 1.2% below; new orders were 5.3% above. Compared with the corresponding week in 1960, production of reporting mills was 32.4% below; shipments were 26.4% below; and new orders were 21.8% below.

Upturn in Business Failures in Week Ended Jan. 12

Commercial and industrial failures rose to 335 in the week ended Jan. 12 from 265 in the preceding week, reported Dun & Bradstreet, Inc. This upturn lifted casualties to the highest level in four weeks. They exceeded noticeably the 292 last year and 294 in the comparable week of 1959. However, 12% fewer failures occurred than in the similar week of pre-war 1939 when there were 380.

Liabilities of $5,000 or more were involved in 301 of the week's casualties as compared with 244 in the previous week and 254 a year ago. Small failures with losses under $5,000 also increased to 34 from 21 but did not reach their 1960 level. Thirty-three of the failing businesses had liabilities in excess of $100,000 as against 34 a week earlier.

Wholesale Food Price Index Slips From Prior Week

Although there was a slight decline this week from a week earlier in the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., it remained appreciably higher than a year ago. On Jan. 10 it dipped 0.3% to $6.15 from the prior week's $6.17, but it was up 6.4% from the $5.78 of the corresponding date a year ago.

Commodities quoted higher in wholesale cost this week were corn, oats, beef, lard, coffee, cottonseed oil, cocoa, steers, hogs and lambs. On the downside were flour, rye, hams, eggs and potatoes.

The Dun & Bradstreet, Inc. Wholesale Food Price Index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Fractionally Lower in Latest Week

Reflecting lower prices on some grains, flour, lambs and rubber, the general wholesale commodity price level dipped fractionally this week. The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., stood at 267.26 on Monday, Jan. 16, compared with a 267.66 a week earlier and 274.16 on the corresponding date a year ago.

Despite a late in the week rise, wheat prices finished slightly below those of a week earlier; trading was close to the preceding period. There was a moderate decline in rye prices, and, as in wheat, transactions were steady.

Corn prices were fractionally below a week earlier, reflecting a modest decline in volume. Oats prices remained unchanged on steady transactions. In contrast, soybeans prices rose moderately during the week on a slight increase in volume.

While domestic purchases of bakery flour were sluggish, interest in family flour was up moderately during the week; flour prices finished somewhat on the down side. Sizable sales of flour were made to the United Arab Republic and Vietnam.

Although both domestic and export purchases of rice moved up, prices were unchanged from the preceding week. Export orders were best from the Near East, Africa and South America. Domestic purchases expanded due to the approaching Lenten Season.

Coffee prices advanced moderately at the end of the week, reflecting a pick-up in volume. There was a slight increase in cocoa prices, as buying expanded and supplies remained steady. Sugar prices were unchanged from a week earlier and buying was steady.

Reflecting higher stocks, lamb prices dipped somewhat during the week on steady trading. Hog supplies expanded moderately, and prices rose on increased volume. Prices on steers finished slightly below the preceding week as purchases lagged and supplies moved up. Following the rise in hog prices, prices on lard moved up moderately on slightly higher volume.

Despite a slight pick-up in trading, prices on the New York Cotton Exchange finished the week slightly below a week earlier. The decline was attributed mainly to dullness in some textile markets and a continued increase in cotton stocks.

Consumer Buying Edges Up Over Last Year

More clearance sales events and pleasant weather in many areas stimulated consumer buying in the week ended Jan. 11, and overall retail trade edged up fractionally over a year ago. Retailers reported gains from the similar 1960 week in sales of women's and children's apparel, furniture, floor coverings, linens and new passenger cars, while declines occurred in major appliances, draperies and used cars. Volume in men's apparel and food products remained close to a year ago.

The total dollar volume of retail trade in the week ranged from 1% below to 3% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1960 levels by the following percentages: New England +2 to +6; East South Central +1 to +5; East North Central, West South Central and Mountain 0 to +4; South Atlantic —2 to +2; West North Central and Pacific Coast —3 to +1; Middle Atlantic —4 to 0.

Nationwide Department Store Sales Down 11% From 1960† Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Jan. 7, 1961*, show a decline of 11% below like period last year. For the week ended Dec. 31 an increase of 4% was reported. For the four weeks ended Jan. 7, 1961 a 6% gain was reported. The Jan. 1 to Dec. 31 period showed a 1% increase

According to the Federal Reserve System, department store sales in New York City for the week ended Jan. 7 showed a 12% decline over the same period last year. In the preceding week ended Dec. 31 sales showed no change from the same week in 1960. For the four weeks ending Jan. 7 a 6% rise was reported above the 1959 period, and from Jan. 1 to Jan. 7 there was a gain of 4% above the level achieved in the 1960 period.

* New Year's Day this year occurred in the week ending Jan. 7 whereas last year it was in the week ending Jan. 2, 1960. The week of Jan. 7, 1961, therefore, had one less trading day than the corresponding week last year.

†The large percentage changes shown for this week are due mainly to the difference in timing of Christmas 1959 and 1960. Christmas in 1959 fell on Friday, whereas as in 1960 it was on Sunday. Therefore, the week ending Dec. 24, 1960 had the advantage since it included six pre-Christmas shopping days, while the 1959 week ending Dec. 26 contained four pre-Christmas shopping days, one holiday and one post-Christmas shopping day.

Note: Cumulative year-to-date comparisons for 1961 over 1960 will be published effective the week ending Feb. 4, 1961.

Eastman Dillon Adds

CLEVELAND, Ohio — James R. Hermann has been added to the staff of Eastman Dillon, Union Securities & Co., Union Commerce Building.

Two With L. A. Caunter

CLEVELAND, Ohio — Steven M. Kostrub and Richard D. Palmer have become associated with L. A. Caunter & Co., Park Building. Both were formerly with Joseph, Mellen & Miller Inc.

Dela. Management Names Two

PHILADELPHIA, Pa. — The appointments of Frederick E. Blum and C. Graydon Rogers as Research Vice-Presidents of Dela-

Frederick E. Blum   C. Graydon Rogers

ware Management Co., Inc., 3 Penn Center Plaza, were announced here by W. Linton Nelson, President.

Mr. Blum, who has also been made Research Vice-President of Delaware Fund, will continue as investment officer of Delaware Income Fund. In his new posts, Mr. Blum will direct research activities, including economic analyses, as well as be responsible for formulating and presenting over-all investment policy for review and approval by the Investment Committee.

Mr. Rogers, who will work with Mr. Blum, has also been appointed Research Vice-President of Delaware Income Fund and is an investment officer of Delaware Fund.

Chicago Clearing House Elects

CHICAGO, Ill. — The Chicago Clearing House Association has elected the following officers for 1961:

President: Donald M. Graham, Vice-Chairman of the Board, Continental Illinois National Bank and Trust Company of Chicago.

Vice-President: Walter M. Heymann, Vice-Chairman of the Board, The First National Bank of Chicago.

Clearing House Committee Members

Chairman: Solomon A. Smith, Chairman of the Board, The Northern Trust Company.

Vice-Chairmen: Lawrence F. Stern, Chairman of the Board, American National Bank and Trust Company of Chicago; David M. Kennedy, Chairman of the Board, Continental Illinois National Bank and Trust Company of Chicago; Arthur T. Leonard, President, City National Bank and Trust Company of Chicago; Homer J. Livingston, Chairman of the Board, The First National Bank of Chicago; Kenneth V. Zwiener, President, Harris Trust and Savings Bank.

Charles H. Albers was reelected Manager and Chief Examiner.

The Manager's annual report to the Association showed total clearings for the year 1960 of $66,651,600,109.90, up about 2% from the previous year; also, on Feb. 15, 1960, an all-time daily high was registered of $518,217,991.31.

Now B. Ray Robbins Assoc.

B. Ray Robbins Associates, Inc., is continuing the investment business of B. Ray Robbins Co., Inc., 500 Fifth Avenue, New York City.

Staten Island Securities

STATEN ISLAND, N. Y.—Staten Island Securities Corp. is conducting an investment business from offices at 25 Hyatt Street. Officers are Lucille T. Corbo, President; Leslie C. Haughwout, Vice-President and Treasurer.

Harry Switzer Opens

SILVER SPRING, Md.—Harry R. Switzer is engaging in a securities business from offices at 313 Perpetual Building under the firm name of The Harry Switzer Co.

Form York Investment

CHICAGO, Ill.—York Investment Company has been formed with offices at 919 North Michigan to engage in a securities business. Officers are John H. Moss, President; John P. Meyer, Vice-President; and Saul Farber, Secretary-Treasurer.

Joins Bardon Higgins

(Special to THE FINANCIAL CHRONICLE)

DULUTH, Minn.—Fred C. Gatzke has joined the staff of Bardon Higgins & Co., Inc., Torrey Bldg.

With G. H. Walker

(Special to THE FINANCIAL CHRONICLE)

CLAYTON, Mo. — Richard D. Woolley has become affiliated with G. H. Walker & Co., 8224 Forsyth Boulevard. He was formerly with the Clayton Bank.

With Campbell, Robbins

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg.—Frederick H. Hadley is now affiliated with Campbell & Robbins Inc., Wilcox Building.

Joins Shiels Securities

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg. — David R. Wooters has joined the staff of Shiels Securities, Inc., Mead Bldg. He was formerly with Foster & Marshall.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

NOTE—Because of the large number of issues awaiting processing by the SEC, it is becoming increasingly difficult to predict offering dates with a high degree of accuracy. The dates shown in the index and in the accompanying detailed items reflect the expectations of the underwriter but are not, in general, to be considered as firm offering dates.

● Acme Missiles & Construction Corp. (2/15)
Jan. 6, 1961 filed 30,000 outstanding shares of class A common stock. **Price** — To be supplied by amendment. **Business**—The construction and installation of missile launching platforms. **Proceeds**—To selling stockholders. **Office** — 43 North Village Avenue, Rockville Centre, N. Y. **Underwriter**—None.

ACR Electronics Corp.
Sept. 28, 1960 filed 150,000 shares of common stock, 75,000 series I common stock purchase warrants, and 75,000 series II common stock purchase warrants, to be offered in units, each unit to consist of two common shares, one series I 5-year purchase warrant, and one 5-year series II warrant. Warrants are exercisable initially at $2 per share. **Price**—To be supplied by amendment. **Proceeds** — For salaries of additional personnel, liquidation of debt, research, and the balance for working capital. **Office**—551 W. 22nd Street, New York City. **Underwriter**—Robert Edelstein Co., Inc., New York City.

Adler Built Industries, Inc.
Aug. 29, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — For acquisition and development of land and operating capital. **Office**—1201 W. 66th St., Hialeah, Fla. **Underwriter**—H. P. Black & Co., Washington, D. C.

★ Advanced Investment Management Corp.
Jan. 13,1961 filed 300,000 shares of common stock. **Price** —$3.50 per share. **Business**—The company was organized in October, 1960 to operate an insurance home office service and management company with the related secondary purpose of owning investments in entities engaged in the insurance business. **Proceeds**—The company will use the proceeds estimated at $851,895 as a reserve for the acquisition of interests in life insurance; for furniture and fixtures; for the establishment of a sales organization and for working capital. **Office**—The Rector Building, Little Rock, Ark. **Underwriter**—Advanced Underwriters, Inc., Little Rock, Ark.

● Aerosol Techniques, Inc. (2/20-24)
Dec. 28, 1960 filed 125,000 shares of common stock. **Price** —$4 per share. **Business** — The company manufactures and packages cosmetic, household, industrial, pharmaceutical, medicinal, dental and veterinary aerosol products for other concerns for sale by them under their own brand names. **Proceeds**—For working capital. **Office**— 111 Stilliman Ave., Bridgeport, Conn. **Underwriter** — Michael G. Kletz & Co., Inc., New York City (managing).

Alaska Creamery Products, Inc.
Dec . 19, 1960 (letter of notification) 130,000 shares of common stock (par $1). **Price**—$2.25 per share. **Proceeds** —To purchase equipment, and other necessary materials for distribution of dairy products. **Address**—Anchorage, Alaska. **Underwriter**—Paul Nichols Co., Inc., Anchorage, Alaska.

★ Alaska Northwest Publishing Co.
Dec. 29, 1960 (letter of notification) 2,500 shares of 7½% non cumulative series A preferred stock. **Price**—At par ($100 per share). **Proceeds**—For working capital. **Office** —2131 Second Avenue, Seattle, Wash. **Underwriter**— None.

● Alkon Industries, Inc. (1/30-2/3)
Dec. 29, 1960 (letter of notification) 50,000 shares of common stock (par 10 cents). **Price** — $5 per share. **Business**—General construction. **Proceeds**—For working capital and general corporate purposes. **Office**—400 Morris Avenue, Long Branch, N. J. **Underwriter**—Meade & Co., New York, N. Y.

All American Engineering Co.
Sept. 27, 1960 filed 85,918 shares of common stock (par 10 cents), to be offered to holders of the outstanding common of record Nov. 22 on the basis of one new share for each four shares held. **Price** — To be supplied by amendment. **Business**—The firm is engaged primarily, under government-sponsored contracts, in research, development, and manufacturing activities related to the aircraft, satellite, and missile fields. **Proceeds**—For general corporate purposes. **Office**—Du Pont Airport, Wilmington, Del. **Underwriter**—Drexel & Co., Philadelphia, Pa. (managing). **Offering**—Indefinitely postponed.

Allied Bowling Centers, Inc.
Dec. 29, 1960 filed $750,000 of sinking fund debens. and 300,000 shares of capital stock, to be offered in units of $75 principal amount of debentures and 30 shares of stock. **Price**—$108 per unit. **Proceeds**—For general corporate purposes. **Office**—Arlington, Texas. **Underwriter** — Rauscher, Pierce & Co., Inc., Dallas. **Note** — This offering has been postponed.

Altamil Corp.
Nov. 30, 1960 filed 251,716 outstanding shares of common stock. **Price**—To be supplied by amendment. **Business** — The manufacture and sale of large machined structural components and stainless steel sandwich panels for use in military and commercial aircraft and missiles. **Proceeds**—To selling stockholders. **Office**—225 Oregon St., El Segundo, Calif. **Underwriter**—None.

America-Israel Phosphate Co.
Dec. 23, 1960 filed 125,000 shares of common stock, each share of which carries two warrants to purchase two additional common shares in the next issue of shares, at a discount of 25% from the offering price. **Price**—$4 per share. **Business**—The prospecting and exploration for phosphate mineral resources in Israel. **Proceeds**—For general business purposes. **Office** — 82 Beaver Street, New York City. **Underwriter**—Casper Rogers Co., New York City (managing).

American Consolidated Mfg. Co., Inc.
Sept. 27, 1960 (letter of notification) 39,500 shares of common stock (par 33⅓ cents). **Price** — $5 per share. **Proceeds** — For advertising and promotion and accounts receivable. **Office**—835 N. 19th St., Philadelphia, Pa. **Underwriter**—Martin, Monaghan & Mulhern, Inc., Ardmore, Pa.

American Educational Life Insurance Co.
Dec. 5, 1960 filed 960,000 shares of class A common voting stock (par $1) and 240,000 shares of class B nonvoting common stock to be sold in units, each unit to consist of 4 shares of class A stock and one share of class B stock. **Price**—$25 per unit. **Business**—The writing of life insurance and allied lines of insurance. **Proceeds**— For capital and surplus. **Office** — Third National Bank Bldg., Nashville, Tenn. **Underwriter**—Standard American Securities, Inc., Nashville, Tenn.

★ American Machine & Foundry Co. (2/28)
Jan. 17, 1961 filed $40,500,000 of convertible subordinated debentures, to be offered to common stockholders on the basis of one $100 debenture for each 20 shares of common held of record Feb. 28. Rights expire March 16. **Price**—To be supplied by amendment. **Proceeds**—To reduce short-term loans and furnish additional working capital for domestic and foreign expansion. **Office**—261 Madison Avenue, New York 16, N. Y. **Underwriter**— Eastman Dillon, Union Securities & Co., New York City (managing).

American Molded Fiberglass Co. (2/24)
Dec. 27, 1960 (letter of notification) 37,043 shares of common stock (par 40 cents). **Price**—$4 per share. **Business** — Manufacturers of fiberglass swimming pools, canoes and small trailer bodies and other custom molded fiberglass products. **Proceeds** — For general corporate purposes. **Office** — 40 Lane St., Paterson, N. J. **Underwriter**—Vestal Securities Corp., New York, N. Y.

American Mortgage Investment Corp.
April 29 filed $1,800,000 of 4% 20-year collateral trust bonds and 1,566,000 shares of class A non-voting common stock. It is proposed that these securities will be offered for public sale in units (2,000) known as Investment Certificates, each representing $900 of bonds and 783 shares of stock. **Price**—$1,800 per unit. **Proceeds** —To be used principally to originate mortgage loans and carry them until market conditions are favorable for disposition. **Office** — 210 Center St., Little Rock, Ark. **Underwriter**—Amico, Inc.

American Recreational Development Corp.
Sept. 7, 1960 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price** — $3 per share. **Proceeds**—For expenses in constructing and operating recreation centers. **Office** — 210 E. Lexington St., Baltimore 2, Md. **Underwriter**—Investment Securities Co. of Maryland, Baltimore, Md.

American & St. Lawrence Seaway Land Co., Inc.
Dec. 30, 1960 (letter of notification) 100,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—60 E. 42nd Street, New York 17, N. Y. **Underwriter** — None. **Offering**—Expected in late January.

● Americana Properties, Inc. (1/26)
Oct. 27, 1960 filed 100,000 shares of common stock. Price—$6 per share. **Business**—The operation of shopping areas and bowling establishments in Long Island, N. Y. **Proceeds**—For debt reduction and construction of stores and a bowling facility. **Office** — 855 Montauk Highway, Oakdale, L. I., N. Y. **Underwriter**—Plymouth Securities Corp., New York City.

Ampal-American Israel Corp.
Oct. 25, 1960 filed $5,000,000 of 7-year series I 6% sinking fund debentures. **Price**—At par. **Proceeds**—For various business enterprises in Israel. **Office**—17 East 71st Street, New York City. **Underwriter**—None.

★ Apco Oil Corp.
Jan. 13, 1961 filed $10,102,100 of subordinated debentures, due April 1, 1981 and 505,105 shares of common stock to be offered for subscription by holders of class A and class B stock of Union Texas Natural Gas Corp., in units consisting of one $100 debenture and five common shares on the basis of one unit for each 70 shares of class A and/or class B stock of Union Texas. **Price**—To be supplied by amendment. **Business** — The company was organized under Delaware law on Aug. 15, 1960 and later entered into an agreement with Union Texas and others to purchase the properties of Anderson-Prichard Oil Corp., for a total of $25,200,000 plus its share of Anderson-Prichard liabilities. **Proceeds**—The company will use the proceeds, together with $12,000,000 to be borrowed from banks, to purchase the business and properties of Anderson-Prichard. **Office**—811 Rusk Avenue, Houston, Texas. **Underwriters**—Carl M. Loeb, Rhoades & Co., and Smith, Barney & Co., both of New York City.

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NEW ISSUE CALENDAR

January 20 (Friday)

Datamation, Inc. ---------- Common
(Berner Bros. and Earl Edden Co.) $160,000
FWD Corp. ---------- Debentures
(Offering to stockholders—underwritten by A. C. Allyn & Co., Inc.) $300,000
Minneapolis Gas Co. ---------- Common
(Offering to stockholders—underwritten by Kalman & Co., Inc.) 228,346 shares
Resisto Chemical, Inc. ---------- Common
(Amos Treat & Co., Inc.) $500,000
Trans-Air System, Inc. ---------- Common
(Flomenhaft, Seidler & Co., Inc.) $225,000

January 23 (Monday)

250,000 shares
Banner Industries, Inc. ---------- Units
(Netherlands Securities Co., Inc.) $1,250,000
Bradford Pools, Inc. ---------- Units
(R. A. Holman & Co., Inc.) $320,000
Edwards Industries, Inc. ---------- Common
(Joseph Nadler & Co., Inc.) $450,000
Emerson Electric Manufacturing Co. ---------- Common
(Carl M. Loeb, Rhoades & Co. and Scherck, Richter & Co.) 54.033 shares
Falls Plaza Limited Partnership ---------- Units
(Hodgdon & Co., Inc. and Investor Service Securities, Inc.)
Gulf Guaranty Land & Title Co. ---------- Units
(Street & Co.) $1,500,000
Mohawk Insurance Co. ---------- Common
(R. F. Dowd & Co., Inc.) $900,000
Mortgage Guaranty Insurance Corp. ---------- Common
(Bache & Co.) 155,000 shares
Palomar Mortgage Corp. ---------- Debentures
(J. A. Hogle & Co.) $1,100,000
Peerless Mortgage Co. ---------- Common
(Copley & Co.) $258,000
Plastics & Fibers, Inc. ---------- Common
(M. R. Zeller Co.) $300,000
Polysonics, Inc. ---------- Common
(M. H. Meyerson & Co., Ltd.; Karen Securities Corp. and Selected Investors) $210,000
Reynolds & Reynolds Co. ---------- Common
(H. M. Byllesby & Co. and Grant-Brownell & Co.) 130,000 shares
Scrivner-Stevens Co. ---------- Common
(Francis I. du Pont & Co.) 70,000 shares
Speedee Mart, Inc. ---------- Common
(J. A. Hogle & Co.) 90,000 shares
Standard & Shell Homes Corp. ---------- Units
(Aetna Securities Corp.; D. Gleich Co. and Roman & Johnson) $612,500
Tech-Ohm Electronics, Inc. ---------- Common
(Edward Lewis Co., Inc.) $299,499
Universal Electronics Laboratories Corp. ---------- Common
(Underhill Securities Corp.) $300,000

January 24 (Tuesday)

Freoplex, Inc. ---------- Common
(Alessandrini & Co., Inc.) $300,000
Lifetime Pools Equipment Corp. ---------- Common
(Pacific Coast Securities Co. and Grant, Fontaine & Co.) $568,750
Otter Tail Power Co. ---------- Bonds
(Eids 10 a. m. CST) $7,000,000
Texas Power & Light Co. ---------- Bonds
(Bids 11:30 a. m. EST) $12,000,000

January 25 (Wednesday)

Avery Adhesive Products, Inc. ---------- Common
(Kidder, Peabody & Co. and Wagenseller & Durst, Inc.)
Coburn Credit Co., Inc. ---------- Common
(Brand, Grumet & Seigel. Inc.) $200,000
Life Assurance Co. of Pennsylvania ---------- Capital
(Auchincloss, Parker & Redpath) 60,000 shares
National Equipment Rental, Ltd. ---------- Common
(Offering to stockholders—Burnham & Co.) 136,000 shares
Perry Electronic Components, Inc. ---------- Common
(S. B. Cantor & Co. and Farrell Securities Co.) $300,000
Telephone & Electronics Corp. ---------- Common
(Equity Securities Co.) $264,900
Vacuum-Electronics Corp. ---------- Common
(Lehman Brothers) 100,000 shares

January 26 (Thursday)

Americana Properties, Inc. ---------- Common
(Plymouth Securities Corp.) $600,000
Coral Aggregates Corp. ---------- Common
(Peter Morgan & Co. and Robinson & Co., Inc.) $400,000
Montgomery Ward Credit Corp. ---------- Debentures
(Lehman Brothers) $50 000,000
United Financial Corp. of California ---------- Common
(Lehman Brothers) 600,000 shares

January 27 (Friday)

Capitol Associated Products, Inc. ---------- Common
(Thompson & Co.) $300,000
Does-More Products Corp. ---------- Common
(H. L. Wright & Co., Inc.) $300,000
J-F Machine, Diesel & Electronics, Inc. ---------- Common
(Vestal Securities Corp.) $300,000
Mustang Lubricants, Inc. ---------- Common
(Copley & Co.) $372,050

January 30 (Monday)

Alkon Industries, Inc. ---------- Common
(Meade & Co.) $250,000
Baldwin Enclosures, Inc. ---------- Common
(Acme Securities Corp.) $300,000
Bowling & Construction Corp. ---------- Common
(Arnold Malkan & Co. Inc.) $600,000
Citizens & Southern Capital Corp. ---------- Common
(The Johnson, Lane, Space Corp.; Courts & Co. and Robinson-Humphrey Co., Inc.) $1,650,000
General Foam Corp. ---------- Debentures
(Brand, Grumet & Seigel, Inc.) $550,000
Geochron Laboratories, Inc. ---------- Common
(Globus Inc and Ross, Lyon & Co.) 150,000 shares
International Electronic Research Corp. ---------- Common
(Schwabacher & Co.) 220,000 shares

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Midland-Guardian Co. ---------- Common
(Kidder, Peabody & Co.) 100,000 shares

Rajac Self-Service, Inc. ---------- Common
(James Co.) $463,125

Steel Crest Homes, Inc. ---------- Units
(Marron, Sloss & Co., Inc. and Harrison & Co.) $810,000

Super Market Distributors, Inc. ---------- Common
(Clayton Securities Corp.) $1,000,000

TelAutograph Corp. ---------- Common
(Offering to stockholders—underwritten by Baird & Co.; Richard J. Buck & Co. and Chace, Whiteside & Winslow, Inc.)

Telescript C. S. P., Inc. ---------- Common
(Robert A. Martin Associates, Inc.) $300,000

Town Photolab, Inc. ---------- Common
(Michael G. Kletz & Co.) $600,000

Underwater Storage, Inc. ---------- Common
(Searight, Ahalt & O'Connor, Inc.) $300,000

February 1 (Wednesday)

Circle Controls Corp. ---------- Common
(Rodetsky, Kleinzahler, Walker & Co.; L. C. Wegard & Co. and L. D. Sherman & Co.) $285,000

Crumpton Builders, Inc. ---------- Units
(Courts & Co.) 150,000 units

Elion Instruments, Inc. ---------- Units
(Warner, Jennings, Mandel & Longstreth) 60,000 units

International Diode Corp. ---------- Preferred
(T. M. Kirsch Co.) $33,600

Kentucky & Indiana Terminal RR. ---------- Bonds
(Bids 12 noon EST) $6,800,000

Midland Capital Corp. ---------- Common
(Eastman Dillon, Union Securities & Co. and Granbery, Marache & Co.) $16,250,000

Westmore, Inc. ---------- Common
(Vincent, James & Co., Inc.) $300,000

February 2 (Thursday)

Richards Aircraft Supply Co. ---------- Common
(Blaha & Co., Inc.) $200,000

February 6 (Monday)

Automobile Banking Corp. ---------- Units
(Reynolds & Co., Inc. and Cruttenden, Podesta & Co.) $2,000,000

Berkey Photo Service, Inc. ---------- Common
(Paine, Webber, Jackson & Curtis) 360,000 shares

Bowl-Mor Co., Inc. ---------- Debentures
(Paine, Webber, Jackson & Curtis and Granbery, Marache & Co.) $2,000,000

Compression Industries Corp. ---------- Common
(I. R. E. Investors Corp.) $250,000

Digitronics Corp. ---------- Capital
(Granbery, Marache & Co.) 50,000 shares

Dixie Natural Gas Corp. ---------- Common
(Vestal Securities Corp.) $300,000

Jouet, Inc. ---------- Common
(Edward H. Stern & Co.) $300,000

Kleer-Vu Industries, Inc. ---------- Common
(Paul Eisenberg Co. and Godfrey, Hamilton, Magnus & Co., Inc.) $402,500

New Moon Homes, Inc. ---------- Common
(Baker, Simonds & Co.) $1,184,400

Screen Gems, Inc. ---------- Common
(Offering to stockholders—underwritten by Hemphill, Noyes & Co. and Hallgarten & Co.) 300,000 shares

Shinn Industries Inc. ---------- Common
(Myron A. Lomasney & Co.) $900,000

Solite Products Corp. ---------- Units
(William, David & Motti, Inc.) $225,000

February 7 (Tuesday)

Consolidated Natural Gas Co. ---------- Debentures
(Bids 11:30 a.m. EST) $45,000,000

Grayway Precision, Inc. ---------- Common
(Harrison & Co. and Marron, Sloss & Co. Inc.) $300,000

Lake Superior District Power Co. ---------- Bonds
(Bids 10 a. m. CST) $3,000,000

Monarch Electronics International, Inc. ---------- Common
(Pacific Coast Securities Co.) 200,000 shares

Stancil-Hoffman Corp. ---------- Capital
(Pacific Coast Securities Co.) $300,000

February 8 (Wednesday)

Texas Gas Transmission Corp. ---------- Common
(Dillon, Read & Co., Inc.) 300,000 shares

February 10 (Friday)

Shore-Calnevar, Inc. ---------- Common
(H. Hentz & Co. and Federman, Stonehill & Co.) 200,000 shares

February 14 (Tuesday)

Canaveral International Corp. ---------- Common
(Underwriter to be named)

Maryland Cup Corp. ---------- Common
(Lehman Brothers) 235,100 shares

Southern Co. ---------- Common
(Bids 3:45 p. m. EST) 900,000 shares

Storer Broadcasting Co. ---------- Common
(Reynolds & Co., Inc.) 263,000 shares

February 15 (Wednesday)

Acme Missiles & Construction Corp. ---------- Common
(No underwriting) 30,000 shares

Chesapeake & Potomac Telephone Co. ---------- Bonds
(Bids 2:30 p.m. EST) $20,000,000

Consolidated Airborne Systems, Inc. ---------- Class A Stk.
(S. D. Fuller & Co.) 180,000 shares

Hydro-Electronics Corp. ---------- Common
(Lloyd Securities) $300,000

Invesco Collateral Corp. ---------- Units
(No underwriting) $777,300

Jefferson Lake Asbestos Corp. ---------- Units
(A. G. Edwards & Sons) $3,500,000

Jonker Business Machines, Inc. ---------- Units
(Hodgon & Co., Inc.) 50,000 units

Management Assistance Inc. ---------- Common
(Federman, Stonehill & Co.) $300,000

Puget Sound Power & Light Co. ---------- Common
(Blyth & Co., Inc.) 326,682 shares

Puget Sound Power & Light Co. ---------- Bonds
(Blyth & Co., Inc.) $15,000,000

Radar Measurements Corp. ---------- Common
(Blaha & Co., Inc.) $299,950

West Texas Utilities Co. ---------- Bonds
(Bids to be received) $8,000,000

February 20 (Monday)

Aerosol Techniques, Inc. ---------- Common
(Michael G. Kletz & Co., Inc.) $500,000

Dodge Wire Corp. ---------- Common
(Plymouth Securities Corp.) $600,000

Golden Crest Records, Inc. ---------- Common
(Dean Samitas & Co., Inc. and Valley Forge Securities Co., Inc.) $255,000

Renwell Electronics Corp. of Delaware ---------- Common
(William David & Motti, Inc.) $400,000

Vector Industries, Inc. ---------- Common
(Plymouth Securities Corp.) $300,000

Whippany Paper Board Co., Inc. ---------- Common
(Van Alstyne, Noel & Co.) 250,000 shares

February 23 (Thursday)

American Telephone & Telegraph Co. ---------- Common
(No underwriting) 11,170,000 shares

Atlantic Fund for Investment in U. S. Government Securities, Inc. ---------- Common
(Capital Counsellors) $10,000,000

General Bowling Corp. ---------- Common
(McMahon, Lichtenfield & Co. and P. J. Gruber & Co.) $500,000

Photo Service, Inc. ---------- Common
(Cruttenden, Podesta & Co.) 162,500 shares

February 24 (Friday)

American Molded Fiberglass Co. ---------- Common
(Vestal Securities Corp.) $148,172

February 27 (Monday)

Wometco Enterprises, Inc. ---------- Stock
(Lee Higginson Corp. and A. C. Allyn & Co., Inc.) 100,000 shares

February 28 (Tuesday)

Fund of America, Inc. ---------- Common
(Ladenburg, Thalmann & Co. and Minis & Co., Inc.) $5,000,000

Great Northern Ry. ---------- Equip. Trust Ctfs.
(Bids noon EST) $5,400,000

March 1 (Wednesday)

Ilikon Corp. ---------- Common
(Myron A. Lomasney & Co.) $375,000

Milo Electronics Corp. ---------- Common
(Myron A. Lomasney & Co.) $750,000

Progress Webster Electronics Corp. ---------- Common
(Marron, Sloss & Co., Inc.) $675,000

Ram Electronics, Inc. ---------- Common
(Plymouth Securities Corp.) $300,000

United Boatbuilders, Inc. ---------- Common
(Birr & Co., Inc. and Marron, Sloss & Co., Inc.) 100,000 shares

March 8 (Wednesday)

Leaseway Transportation Corp. ---------- Common
(Hayden, Stone & Co.) 150,000 shares

March 15 (Wednesday)

Rochester Gas & Electric Corp. ---------- Bonds
(Bids to be received) $15,000,000

March 23 (Thursday)

Alabama Power Co. ---------- Preferred
(Bids 11 a.m. EST) $8,000,000

Alabama Power Co. ---------- Bonds
(Bids 11 a.m. EST) $13,000,000

April 20 (Thursday)

Orange & Rockland Utilities, Inc. ---------- Bonds
(Bids to be received) $12,000,000

June 13 (Tuesday)

Virginia Electric & Power Co. ---------- Bonds
(Bids to be received) $30,000,000 to $35,000,000

June 15 (Thursday)

Southern Electric Generating Co. ---------- Bonds
(Bids 11 a.m. EST) $27,000,000

September 28 (Thursday)

Mississippi Power Co. ---------- Bonds
(Bids to be received) $5,000,000

Mississippi Power Co. ---------- Preferred
(Bids to be received) $5,000,000

October 18 (Wednesday)

Georgia Power Co. ---------- Bonds
(Bids to be received) $15,500,000

Georgia Power Co. ---------- Preferred
(Bids to be received) $8,000,000

December 7 (Thursday)

Gulf Power Co. ---------- Bonds
(Bids to be received) $5,000,000

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Associated Oil & Gas Co.
Nov. 23, 1960 filed 107,317 shares of outstanding capital stock. **Price**—At the market. **Business**—The acquisition, exploration and production of oil and gas. **Proceeds**—To selling stockholders. **Office**—3703 Yoakum Boulevard, Houston, Texas. **Underwriter**—None.

Associated Traffic Clubs Insurance Corp.
Dec. 5, 1960, filed 250,000 shares of common stock (par 80c), to be sold to the Associated Traffic Clubs of America and their members. **Price**—$2 per share. **Business**—Provides insurance coverage to the members of the above club. **Proceeds**—To be added to surplus to maintain it at the amount required by law and to carry on and further develop the business of the company. **Office**—900 Market St., Wilmington, Del. **Underwriter**—A. T. Brod & Co., New York, N. Y. **Offering** — Expected in early February.

Atlantic Fund for Investment in U. S. Government Securities, Inc. (2/23-27)
July 22, 1960, filed 400,000 shares of common stock. **Price** — $25 per share. **Business** — A diversified investment company, which will become an open-end company with redeemable shares upon the sale and issuance of the shares being registered. **Proceeds**—For investment in U. S. Government securities. **Office**—50 Broad Street, New York City. **Underwriter**—Capital Counsellors, 50 Broad Street, New York City. **Note**—This company was formerly the Irving Fund for Investment in U. S. Government Securities, Inc.

Automobile Banking Corp. (2/6-10)
Dec. 27, 1960, filed $2,000,000 of capital debentures and attached warrants to be offered for public sale in units consisting of one $1,000 debenture and a 5-year warrant to purchase 50 shares of class A common stock. **Price**—To be supplied by amendment. **Business**—The financing of instalment sales for automobile dealers. **Proceeds**—To retire outstanding 5½% capital convertible debentures and for expansion. **Office**—6 Penn Center Plaza, Philadelphia, Pa. **Underwriters**—Reynolds & Co., Inc., New York and Cruttenden, Podesta & Co., Chicago (managing).

● **Avery Adhesive Products, Inc. (1/25)**
Nov. 18, 1960 filed 250,000 shares of common stock (par $1), of which 100,000 shares are to be offered for the account of the company, and 150,000 outstanding shares are to be offered for the account of selling stockholders. **Price**—To be supplied by amendment. **Business**—The manufacture of pressure-sensitive labels. **Proceeds** — Approximately $1,080,000 will be used to redeem the outstanding 5% preferred stock, and the balance will be for working capital. **Office**—2540 Huntington Drive, San Marino, Calif. **Underwriters**—Kidder, Peabody & Co., New York City, and Wagenseller & Durst, Inc., Los Angeles, Calif.

● **Avionics Investing Corp.**
July 12, 1960 filed 250,000 shares of capital stock (par $1). **Price** — $10 per share. **Business** — The issuer is a closed - end non - diversified management investment company. **Proceeds**—For investments in small business concerns in avionics and related fields, with a proposed limit of $800,000 to be invested in any one such enterprise. **Office** — 1000 - 16th Street, N. W., Washington, D. C. **Underwriter**—The company states that it is negotiating with an underwriter, but there is a possibility that the filing may be withdrawn.

● **Baldwin Enclosures, Inc. (1/30-2/3)**
Dec. 27, 1960 (letter of notification) 60,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Business** — Manufacturers of elevator cabs for apartment houses and office buildings. **Proceeds**—For general corporate purposes. **Office**—59-33 55th St., Maspeth, N. Y. **Underwriter**—Acme Securities Corp., New York, N. Y.

★ **Bal-Tex Oil Co.**
Dec. 22, 1960 (letter of notification) 300,000 shares of class A common stock. **Price**—At par ($1 per share). **Proceeds**—For expenses for development of oil and gas properties. **Office** — First National Bank Building, Denver, Colo. **Underwriter**—Equity General Investment Corp., First National Bank Building, Denver, Colo.

Banner Industries Inc. (1/23-27)
Dec. 6, 1960 filed 250,000 shares of common stock (par 10c) 125,000 warrants for the purchase of a like number of common shares and 125,000 common shares underlying the warrants. Offering will be made in units, each unit to consist of two shares of common stock and one warrant for the purchase of one share at $6 per share to May 1, 1962. **Price**—$10 per unit. **Proceeds**—$200,000 will be used to expand the company's imports from Europe and Japan and the balance will be used for additional working capital. **Office**—1311 South 39th St., St. Louis, Mo. **Underwriter**—Netherlands Securities Co., Inc., New York City.

Baruch (R.) & Co.
Sept. 20, 1960 (letter of notification) 100,000 shares of common stock (par 75 cents). **Price** — $2 per share. **Business**—The issuer is a broker-dealer with the SEC, and a member of the NASD. **Proceeds**—To take positions and maintain markets in securities, participate in underwritings, and the balance for working capital. **Office**—1518 K St., N. W., Washington, D. C. **Underwriter**—Same.

Berkey Photo Service, Inc. (2/6-10)
Dec. 28, 1960 filed 360,000 shares of common stock of which 80,000 shares will be offered for the account of company and 280,000 shares for the account of selling stockholders. **Price** — To be supplied by amendment. **Business**—Photo-processing. **Proceeds**—For general corporate purposes. **Office**—77 East 13th Street, New York City. **Underwriter**—Paine, Webber, Jackson & Curtis, New York City (managing).

Boonton Electronics Corp.
Dec. 23, 1960 filed 60,000 shares of common stock plus attached warrants, to be offered for public sale in units consisting of one common share and one-half of a two-year warrant. One full warrant will be required to purchase one share at $5.50 per share during the first year and $6.50 per share the second year. **Price**—$5.50 per unit. **Business**—The design and manufacture of precision electronic measuring equipment. **Proceeds**—For expansion, advertising and sales promotion and for research and development. **Office**—738 Speedwell Avenue, Morris Plains, N. J. **Underwriters**—Ross, Lyon & Co., Inc., and Globus, Inc., both of New York City. **Offering**—Expected in early March.

Bowling & Construction Corp. (1/30-2/3)
Nov. 28, 1960 filed 120,000 shares of class A common stock. **Price**—$5 per share. **Business**—The building, leasing and operation of bowling centers. **Proceeds** — For working capital. **Office**—26 Broadway, New York, N. Y. **Underwriter** — Arnold Malkan & Co., Inc., New York City (managing)

Bowl-Mor Co., Inc. (2/6-10)
Oct. 28, 1960 filed $2,000,000 of 6% convertible subordinated debentures, due 1975. **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Office** — Newtown Road, Littleton, Mass. **Underwriters**—Paine, Webber, Jackson & Curtis and Granbery, Marache & Co., both of New York City (managing).

● **Bowl-Mor Co., Inc.**
Oct. 25, 1960 filed 78,955 shares of common stock, being offered to holders of the outstanding common on the basis of one new share for each 10 shares held of record Jan. 12, with rights to expire on Jan. 30. **Price**—$20 per share. **Business**—The company manufactures pin-setting machines for various types of bowling games. **Proceeds** —For working capital and for costs of the company's entry into the "tenpin" bowling field. **Office**—Newton Road, Littleton, Mass. **Underwriters** — Paine, Webber, Jackson & Curtis, and Granbery, Marache & Co., both of New York City (managing).

Bradford Pools, Inc. (1/23-27)
Oct. 24, 1960 filed 160,000 shares of class A common stock, with stock purchase warrants attached, to be offered in units consisting of five shares of stock and one warrant. **Price**—$10 per unit. **Business**—The construction, sale, and installation of pools in New Jersey and neighboring states. **Proceeds**—For general corporate purposes, including working capital. **Office** — 245 Nassau St., Princeton, N. J. **Underwriter**—R. A. Holman & Co., Inc., New York City.

Brunswick Corp.
Dec. 5, 1960 filed $25,634,400 of 4½% convertible subordinated debentures, due Jan. 1, 1981, being offered to holders of the outstanding common stock of record Jan. 11, on the basis of $100 of debentures fo reach 65 shares then held with rights to expire on Jan. 25. **Price**—100% of principal amount. **Business** — The manufacture and distribution of bowling products. **Proceeds**—For general corporate purposes, primarily for foreign investments and increased inventory. **Office**—623 S. Wabash Ave., Chicago, Ill. **Underwriters**—Lehman Brothers and Goldman, Sachs & Co. (managing).

● **Business Capital Corp.**
Dec. 19, 1960 filed 500,000 shares of common stock. **Price** —$10 per share. **Business**—A closed-end, non-diversified management investment company licensed under the Small Business Investment Act. **Proceeds**—For general business purposes. **Office**—728 West Roosevelt Road, Chicago. **Underwriters**—Blunt Ellis & Simmons, Chicago, Hornblower & Weeks, New York City and Cruttenden, Podesta & Co., Chicago (managing). **Offering**—Expected in early February.

Business Finance Corp.
Aug. 5, 1960 (letter of notification) 195,000 shares of common stock (par 20 cents). **Price** — $1.50 per share. **Proceeds**—For business expansion. **Office**—1800 E. 26th St., Little Rock, Ark. **Underwriter**—Cohn Co., Inc., 309 N. Ridge Road, Little Rock, Ark.

Canadian Superior Oil of California, Ltd.
Jan 5, 1961 filed 1,200,000 shares of common stock to be offered for subscription by common stockholders on the basis of one new share for each 3.75 shares held. **Price** —$9 (U. S.) and $8.75 (Can.) per share. **Proceeds**—To repay debts. **Office** — 703 Sixth Avenue, South West, Calgary, Alberta. **Underwriter**—None.

● **Canaveral International Corp. (2/14-17)**
Aug. 12, 1960 filed 300,000 shares of common stock (par $1). Price—To be supplied by amendment. Business— Land sales and development. Proceeds—$150,000 for accounts payable, $335,000 for mortgage and interest payments, $250,000 for advertising, $250,000 for development costs and $290,000 for general working capital. Office— 1766 Bay Road, Miami Beach, Fla. **Underwriter**—To be named.

Canterbury Fund, Inc.
Dec. 29, 1960 filed 150,000 shares of capital stock. **Price** —To be supplied by amendment. **Business** — The fund has been organized to serve principally investment clients of Fiduciary Counsel, Inc., and its subsidiary, The Estate Planning Corp. **Proceeds**—For investment. **Office** —55 Green Village Rd., Madison, N. J. **Underwriter**— Estate Planning Corp.

● **Capitol Associated Products, Inc. (1/27)**
Dec. 22, 1960 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**— For expansion, machinery and for working capital. **Office**—539 E. Main Street, Waterbury, Conn. **Underwriter** —Thompson & Co., New York, N. Y.

Caribbean & Southeastern Development Corp.
Sept. 28, 1960 filed 140,000 shares of common stock. **Price**—$5.25 per share. **Proceeds**—For investment in land in the Caribbean area, development of a site in Atlanta, Ga., and the balance for general corporate purposes. **Office**—4358 Northside Drive, N. W., Atlanta, Ga. **Underwriter**—To be supplied by amendment.

★ **Chemsol, Inc.**
Jan. 16, 1961 filed 200,000 shares of common stock. **Price** —$3 per share. **Business**—The company and its wholly-owned subsidiary, Chemline Corp., buy, sell and refine by-products of the chemical and petrochemical industries, manufacture and sell lime, and reprocess used thermoplastic resins. **Proceeds** — For construction, new equipment and general corporate purposes. **Office**—74 Dod Street, Elizabeth, N. J. **Underwriter** — Godfrey, Hamilton, Magnus & Co., New York City (managing). **Offering**—Expected in late February.

Circle Controls Corp. (2/1)
Oct. 28, 1960 (letter of notification) 95,000 shares of common stock (par 10 cents). **Price** — $3 per share. **Business** — Manufacture and rebuilding of electronic, electro-mechanical and mechanical controls. **Proceeds**— For general corporate purposes and working capital. **Office**—204 S. W. Boulevard, Vineland, N. J. **Underwriters** —Rodetsky, Kleinzahler, Walker & Co., Jersey City, N. J.; L. C. Wegard & Co., Trenton, N. J. and L. D. Sherman & Co., New York, N. Y.

Circle-The-Sights, Inc.
March 30 filed 165,000 shares of common stock and $330,000 of debentures (10-year 8% redeemable). **Price**—For stock, $1 per share; debentures in units of $1,000 at their principal amount. **Proceeds**—For initiating sight-seeing service. **Office**—Washington, D. C. **Underwriter**—None.

Citizens Acceptance Corp.
Dec. 29, 1960 filed $500,000 principal amount of series G 6% five year subordinated debentures. **Price** — At 100% of principal or in exchange for outstanding debentures. **Business**—General finance company. **Proceeds** —To increase working capital and to retire outstanding debentures as they mature. **Office**—Georgetown, Del. **Underwriter**—None.

● **Citizens & Southern Capital Corp. (1/30-2/3)**
Dec. 21, 1960, filed 300,000 shares of common stock. **Price**—$5.50 per share. **Business**—A small business investment company and a subsidiary of Citizens & Southern National Bank of Atlanta. **Proceeds**—For investment. **Office**—Marietta and Broad Streets, Atlanta, Ga. **Underwriters** — The Johnson, Lane, Space Corp., Savannah; Courts & Co. and Robinson-Humphrey Co. Inc., Atlanta (managing).

Coastal Acceptance Corp.
Oct. 3, 1960 (letter of notification) $100,000 of 10-year 7% registered series notes, to be offered in denominations of $100 to $1,000 each. **Price**—At face value. **Proceeds**—For working capital. **Office**—36 Lowell St., Manchester, N. H. **Underwriter** — Shontell & Varick, Manchester, N. H.

● **Coburn Credit Co., Inc. (1/25)**
Nov. 18, 1960 filed 50,000 shares of common stock (par value $1). **Price**—$4 per share. **Business**—Consumer sales finance business. **Proceeds**—For general corporate purposes. **Office**—53 N. Park Avenue, Rockville Centre, N. Y. **Underwriters**—Brand, Grumet & Seigel, Inc. and Kesselman & Co., Inc., New York, N. Y.

Colorite Plastics, Inc. (2/13)
Dec. 22, 1960 filed $900,000 principal amount of first mortgage bonds, 6½% series, due 1976 (with detachable common stock purchase warrants) and 100,000 shares of common stock. **Price**—For the bonds: 100% of face amount plus accrued interest. For the stock: To be supplied by amendment. **Business**—The manufacture of plastic garden hose, tubes, rods, strips, gaskets, and related items. **Proceeds**—To purchase land, buildings and equipment and for working capital. **Office**—50 California Ave., Paterson, N. J. **Underwriter**—P. W. Brooks & Co., Inc., New York City (managing).

Commerce Oil Refining Corp.
Dec. 16, 1958 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,000 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. **Price** — To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

Commonwealth International & General Fund, Inc.
Dec. 19, 1960, filed 400,000 shares of common capital stock. **Price**—$12.50 per share. **Business**—A diversified, open-end, managed investment company. **Proceeds**—For investment. **Office**—615 Russ Bldg., San Francisco, Calif. **Underwriter**—North American Securities Co., San Francisco (dealer-manager).

Compression Industries Corp. (2/6-10)
Dec. 19, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price** — $2.50 per share. **Business**—Construction of swimming pools. **Proceeds**— For general corporate purposes. **Office**—313 W. Jericho Turnpike, Huntington, N. Y. **Underwriter**—I. R. E. Investors Corp., 3000 Hempstead Turnpike, Levittown, N. Y.

Consolidated Airborne Systems, Inc. (2/15)
Dec. 15, 1960 filed 180,000 shares of class A stock. **Price** —To be supplied by amendment. **Business**—The design, development and production of proprietary devices in the field of electronic and cryogenic ground support equipment and airborne instrumentation for the military and commercial aircraft industry. **Proceeds** — For debt reduction, research, development and expansion of manufacturing facilities and for working capital. **Office**—900 Third Ave., New Hyde Park, N. Y. **Underwriter**—S. D. Fuller & Co., New York City (managing).

Consolidated Natural Gas Co. (2/7)
Jan. 6, 1961 filed $45,000,000 of debentures, due Feb. 1, 1986. **Business**—A holding company for six operating concerns engaged in the natural gas business. **Proceeds** —To repay a short-term bank loan and for construction. **Office**—30 Rockefeller Plaza, New York, N. Y. **Underwriters** — To be determined by competitive bidding. Probable bidders: Morgan Stanley & Co., and First Boston Corp., (jointly); White, Weld & Co., and Paine, Webber, Jackson & Curtis (jointly); Halsey, Stuart & Co. Inc. **Bids**—Expected Feb. 7, 1961 at 11:30 a.m. EST. **Information Meeting**—Scheduled for Feb. 2 at 10:30 a.m. EST at Bankers Club, 120 Broadway, New York City.

Consolidated Realty Investment Corp.
April 27 filed 2,000,000 shares of common stock. Price— $1 per share. Proceeds—To establish a $250,000 revolving fund for initial and intermediate financing of the construction of custom or pre-fabricated type residential or commercial buildings and facilities upon properties to be acquired for sub-division and shopping center developments; the balance of the proceeds will be added to working capital. Office—1321 Lincoln Ave., Little Rock, Ark. Underwriter—The Huntley Corp., Little Rock, Ark

★ **Copter Skyway Inc.**
Jan. 16, 1961 filed 15,000,000 shares of no par common stock. **Price**—3 cents per share. **Proceeds**—To acquire the equipment, real estate and other materials necessary to commence business. **Office** — 10 Sheraton Hotel, Pittsburgh, Pa. **Underwriter**—C. A. Benson & Co., Inc., Pittsburgh, Pa.

● **Coral Aggregates Corp. (1/26)**
Aug. 25, 1960 filed 100,000 shares of common stock (par 10 cents). Price—$4 per share. Business—The company intends to engage in the extraction and sale of rock. Proceeds—For equipment, working capital, and the retirement of indebtedness, with the balance for general corporate purposes. Office—7200 Coral Way, Miami, Fla. Underwriters—Peter Morgan & Co., New York City, and Robinson & Co., Inc., Philadelphia, Pa.

★ **Cortez Life Insurance Co.**
Jan. 12, 1961 filed 500,000 shares of common stock. **Price**—$3 per share. **Business**—The company is engaged in the business of writing life insurance, annuity policies and re-insurance. **Proceeds**—For general corporate purposes. **Office**—304 Main St., Grand Junction Colo. **Underwriter**—None.

● **Crumpton Builders, Inc. (2/1)**
Nov. 17, 1960 filed 750,000 shares of common stock, $1,500,000 of 9% convertible debentures due Jan. 10, 1981, and warrants, to be offered in units, each unit to consist of five shares of common stock, one debenture and one warrant. **Price**—To be supplied by amendment. **Business** —The construction of owner completed ("shell") homes. **Proceeds**—To increase mortgage notes receivable and the balance for general corporate purposes. **Office** — 2915 West Hillsborough Ave., Tampa, Fla. **Underwriter** — Courts & Co., Atlanta, Ga. and New York City.

● **Cumberland Shoe Corp.**
Jan. 3, 1961 (letter of notification) 37,115 shares of common stock (par 50 cents) to be offered for subscription by stockholders of the company with the right to purchase one share for each five shares held. Rights expire in 30 days. **Price**—$3.75 per share. **Office**—North Margin Street, Franklin, Tenn. **Underwriter** — Clark, Landstreet & Kirkpatrick, Inc., Nashville, Tenn.

Dalto Corp.
March 29 filed 431,217 shares of common stock to be offered for subscription by holders of such stock of record Oct. 7 at the rate of one-and-a-half new shares for each share then held. Price—$1.25 per share. Proceeds —For the retirement of notes and additional working capital. Office—Norwood, N. J. Underwriter—Sterling, Grace & Co., 50 Broad St., New York City. Offering— Indefinitely postponed.

● **Datamation, Inc. (1/20)**
Nov. 30, 1960 (letter of notification) 80,000 shares of common stock (par 10 cents). Price—$2 per share. Business—The processing of paper work on a service basis for business organizations to provide them with the cost-cutting and time-saving benefits of electronics. Proceeds —For general corporate purposes. Office — 100 S. Van Brunt St., Englewood, N. J. Underwriter—Bertner Bros. and Earl Edden Co., New York City.

● **Daffin Corp.**
Aug. 22, 1960, filed 150,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Business**— The company makes agricultural implements, feed grinding and mixing equipment for the livestock industry, and conveying and seed cleaning equipment. **Proceeds**—To selling stockholders. **Office**—Hopkins, Minn. **Underwriters** — Lehman Brothers, New York City, and Piper, Jaffray & Hopwood, Minneapolis, Minn. (managing). **Note**—This statement has been withdrawn.

Delta Design, Inc.
Sept. 28, 1960 filed 100,000 shares of capital stock. **Price** —$4.50 per share. **Business** — Development of vacuum system components. **Proceeds** — For acquisition of land and construction of a factory; purchase of new machinery and tooling; inventory and working capital. **Office**—3163 Adams Ave., San Diego, Calif. **Underwriter**—None.

Detroit Tractor, Ltd.
May 26 filed 1,375,000 shares of class A stock. Of this stock, 1,125,000 shares are to be offered for the company's account and the remaining 250,000 shares are to be offered for sale by the holders thereof. Price—Not to exceed $3 per share. Proceeds—To be applied to the purchase of machine tools, payment of $95,000 of notes and accounts payable, and for general corporate purposes. Office—1221 E. Keating Avenue, Muskegon, Mich. Underwriter—To be supplied by amendment.

Digitronics Corp. (2/6-10)
Dec. 27, 1960 filed 50,000 shares of capital stock. **Price** —To be supplied by amendment. **Business**—Makes digital computers. **Proceeds**—To retire short-term loans and for working capital. **Office** — Albertson, L. I., N. Y. **Underwriter** — Granbery, Marache & Co., New York (managing).

Diketan Laboratories, Inc.
Sept. 30, 1960 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**— To increase inventory, purchase new equipment, for research and new product development and working capital. **Office** — 9201 Wilshire Blvd., Beverly Hills, Calif. **Underwriter** — Holton, Henderson & Co., Los Angeles, Calif. **Offering**—Indefinitely postponed.

● **Dixie Natural Gas Corp. (2/6-10)**
Dec. 5, 1960 (letter of notification) 75,000 shares of common stock (par 2 cents). **Price**—$4 per share. **Business**—Develops oil and gas leases in West Virginia. **Proceeds** — For general business purposes. **Office** — 115 Broadway, New York 6, N. Y. **Underwriter**—Vestal Securities Corp., New York City.

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● Dodge Wire Corp. (2/20-24)
Dec. 7, 1960, filed 100,000 shares of common stock. **Price**—$6 per share. **Business**—The manufacture of woven aluminum screen cloth. **Proceeds**—The repayment of indebtedness and general corporate purposes. **Office**—Industrial Blvd., Covington, Ga. **Underwriter**—Plymouth Securities Corp., New York City.

Does-More Products Corp. (1/27)
Oct. 12, 1960 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds** — To pay notes payable, purchase inventory, for purchase of die and equipment and additional working capital. **Office**—201 W. Semmes St., Osceola, Ark. **Underwriter** — H. L. Wright & Co., Inc., New York, N. Y.

Dolomite Glass Fibres, Inc.
Dec. 27, 1960 filed 200,000 shares of 7% preferred stock (cumulative - convertible); 200,000 class A common shares (voting) and 1,000,000 common shares (non-voting). **Price**—$10 per share for the preferred and $1 per share for the class A and common shares. **Business**—The manufacture and sale of glass fibre for insulation and glass fibre threads, mats and rovings for use in the production of reinforced plastics. **Proceeds**—For working capital and the purchase of additional equipment. **Office**—1037 Jay St., Rochester, N. Y. **Underwriter**—None.

● Drexel Equity Fund, Inc.
Oct. 25, 1960 filed 500,000 shares of common stock (par 10 cents). **Price**—$10.20 per share. **Business**—This is a new mutual fund, organized as a closed-end fund on Oct. 19, which will become open-end pursuant to the public sale of these shares. **Proceeds**—For portfolio investment. **Office**—1500 Walnut Street, Philadelphia, Pa. **Distributor and Investment Adviser**—Drexel & Co., Philadelphia, Pa. **Offering**—Expected in early February.

● Eastern Bowling Corp.
Nov. 29, 1960 filed 150,000 shares of class A stock. **Price**—To be supplied by amendment. **Business**—The acquisition, establishment and operation of bowling centers. **Proceeds**—For general business purposes. **Office**—99 West Main St., New Britain, Conn. **Underwriter**—Schirmer, Atherton & Co., Boston (managing). **Offering**—Expected sometime in February.

Eastern Camera Exchange, Inc.
Dec. 29, 1960 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business**—Operating a chain of retail stores and concessions selling cameras, film and photographic supplies and equipment; also processes and prints black and white photographic film. **Proceeds**—To reduce indebtedness incurred by acquisitions, to pay notes due, and for general corporate purposes. **Office**—68 W. Columbia Street, Hempstead, N. Y. **Underwriter**—Casper Rogers & Co.. Inc., New York, N. Y.

● Edwards Industries, Inc. (1/23-27)
Sept. 27, 1960 filed 100,000 shares of common stock. **Price**—$4.50 per share. **Proceeds** — For land, financing of homes, and working capital relating to such activities. **Office**—Portland, Oreg. **Underwriter**—Joseph Nadler & Co., Inc., New York City (managing).

Electro Industries, Inc.
July 19, 1960 (letter of notification) 75,000 shares of class A common stock (no par) and 20,000 shares of additional class A common stock to be offered to the underwriters. **Prices**—Of class A common, $2 per share; of additional class A common, 2½ cents per share. **Proceeds** — To expand the company's inventory to go into the packaging and export of electrical equipment, and for working capital. **Office**—1346 Connecticut Ave., N. W., Washington, D. C. **Underwriter** — Carleton Securities Corp., Washington, D. C.

Electro-Nuclear Metals, Inc.
Aug. 31, 1960 (letter of notification) 250,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To purchase new equipment, rental and for administrative costs. **Office**—115 Washington Blvd., Roseville, Calif. **Underwriter**—A. J. Taranto & Co., Carmichael, Calif.

★ Electro-Nucleonics, Inc.
Jan. 9, 1961 (letter of notification) 1,400 shares of common stock (no par). **Price**—$50 per share. **Proceeds**—To equip a laboratory; for research and development, and working capital. **Office**—Passaic Avenue, Caldwell, N. J. **Underwriter**—None.

Electro-Tech Instruments, Inc.
Nov. 29, 1960 (letter of notification) 75,000 shares of common stock (par 50 cents). **Price**—$4 per share. **Proceeds**—For inventory, advertising and working capital. **Office**—5 N. Mason St., Portland, Oreg. **Underwriter**—Robert Edelstein Co., Inc., New York, N. Y. **Offering**—Expected in late January.

Electronic Tube Corp.
Nov. 28, 1960 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The manufacture and sale of cathode ray tubes and associated electronic products. **Proceeds**—The acquisition of equipment; initiation of production; repayment of existing indebtedness and for working capital. **Office**—1200 E. Mermaid Lane, Philadelphia, Pa. **Underwriter**—Harrison & Co., Philadelphia, Pa. (managing).

Elion Instruments, Inc. (2/1)
Oct. 28, 1960 filed 60,000 outstanding shares of capital stock (par 50 cents), together with five-year warrants for the purchase of 6,000 new capital shares, to be offered for sale in units of one share of stock and one-tenth of a warrant. No sale will be made of less than 10 such units. **Price**—To be related to the price of the company's stock in the over-the-counter market immediately prior to the offering. **Business**—The firm makes and sells instruments and equipment for scientific and industrial measurement and analyses. **Proceeds**—To selling stockholders, who are two company officers who will lend the net proceeds to the company. **Office**—430 Buckley St., Bristol, Pa. **Underwriter** — Warner, Jennings, Mandel & Longstreth, Philadelphia, Pa.

Emerson Electric Manufacturing Co. (1/23-27)
Dec. 13, 1960 filed 54,033 outstanding common shares. **Price**—To be supplied by amendment. **Proceeds**—To the selling stockholder (Klingbill Real Estate Co.). **Office**—St. Louis, Mo. **Underwriters**—Carl M. Loeb, Rhoades & Co., New York and Scherck, Richter Co., St. Louis, Mo. (managing).

Falls Plaza Limited Partnership (1/23-27)
Dec. 5, 1960 filed 480 units of limited partnership interests. **Price**—$1,000 per unit. **Business**—The building and operation of a shopping center on Broad Street in Falls Church, Va. **Proceeds**—For the purchase of land and the erection of a shopping center. **Office** — 1823 Jefferson Place, N. W., Washington, D. C. **Underwriter**—Hodgdon & Co., Inc., and Investor Service Securities Inc., both of Washington, D. C.

Filmohm Corp.
Dec. 27, 1960 (letter of notification) 110,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Business**—Manufacturers of thin film electronic components. **Proceeds**—For general corporate purposes. **Office**—48 W. 25th St., New York, N. Y. **Underwriter**—Kidder, Peabody & Co., New York, N. Y.

First American Investment Corp.
Oct. 14, 1960 filed 2,500,000 shares of common stock. **Price**—$2 per share. **Business**—Insurance. **Proceeds**—To acquire control of Western Heritage Life Insurance Co. of Phoenix, and to organize subsidiaries. **Office**—2222 N 16th St., Phoenix, Ariz. **Underwriter**—None.

First Small Business Investment Company of Tampa, Inc.
Oct. 6, 1960 filed 500,000 shares of common stock. **Price**—$12.50 per share. **Proceeds** — To provide investment capital. **Office**—Tampa, Fla. **Underwriter**—None.

Florida Guaranty Title & Trust Co.
Nov. 29, 1960 (letter of notification) 83,125 shares of common stock (par 50 cents). **Price**—$3.60 per share. **Proceeds** — To pay a second mortgage instalment, for advertising, and for working capital. **Office**—1090 N. E. 79th St., Miami, Fla. **Underwriter**—Floyd D. Cerf Jr. Co., Inc., Chicago, Ill.

Foremost Industries, Inc.
Oct. 14, 1960 (letter of notification) 100,000 shares of common stock (par 50 cents). **Price**—$3 per share. **Business**—Manufacturers of stainless steel food service equipment used by department, drug and variety chain stores, and institutions. **Proceeds**—For expansion; to repay a loan; advertising, sales and promotion; for working capital and general corporate purposes. **Office**—250 W. 57th St., New York, N. Y. **Underwriter**—Richard Bruce & Co., Inc., New York, N. Y.

● Freeplex, Inc. (1/24-26)
Nov. 25, 1960 (letter of notification) 60,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Business**—The sale and servicing of home food freezers; the sale of bulk food supplies for freezer use and the operation of a retail super market. **Proceeds** — For general corporate purposes. **Address**—Route 18, Tices Lane, East Brunswick, N. J. **Underwriter**—Alessandrini & Co., Inc., New York City.

Fund of America, Inc. (2/28)
Jan. 6, 1961 filed 500,000 shares of common stock. **Price**—$10 per share. **Business** — The company, formerly named Southern Industries Fund, Inc., is an open-end balanced investment trust. **Office**—60 East 42nd Street, New York, N. Y. **Underwriters**—Ladenburg, Thalmann & Co., New York City and Minis & Co., Inc., Savannah, Georgia.

● FWD Corp. (1/20)
Dec. 15, 1960 (letter of notification) $300,000 of 6% 10-year convertible debentures to be offered for subscription by holders of common stock in multiples of $100. **Price**—At face value. **Proceeds**—To purchase the outstanding stock of Wagner Tractor, Inc. **Address**—Clintonville, Wis. **Underwriter** — A. C. Allyn & Co., Inc., Chicago, Ill.

Gala Industries, Inc.
Oct. 25, 1960 (letter of notification) 16,000 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds** — For equipment, advertising and sales, working capital, research and development. **Address** — Clifton Forge, Va. **Underwriter**—Storer Ware & Co., Roanoke, Va.

● General Bowling Corp. (2/23)
Nov. 17, 1960 filed 100,000 shares of common stock (par 10c). **Price**—$5 per share. **Business**—The issuer owns two bowling establishments, and a tract of land in Indiana County, Pa., on which it hopes to build a third. **Proceeds**—To equip the prospective establishment ($150,000), to repay a bank loan ($50,000), to add eight lanes to a bowling facility ($50,000), and the balance will be used for working capital. **Office**—2 Park Avenue, Manhasset, L. I., N. Y. **Underwriter**—McMahon, Lichtenfeld & Co., and P. J. Gruber & Co., Inc. (managing), both of New York City.

General Development Investment Plans, Inc.
Oct. 6, 1960 filed 1,285 of Investment Plans. **Price**—To be offered for public sale with sales commissions ranging from 8% to 10%, depending upon the type of mortgage financing involved. **Proceeds**—For investment in Port St. Lucie Country Club homes, on the east coast of Florida. **Business**—The company is a wholly-owned subsidiary of General Development Corp., whose principal business is the development of large tracts of land into planned communities. **Office**—2828 S. W. 22nd Street, Miami, Fla. **Underwriter**—None.

● General Foam Corp. (1/30-2/3)
Dec. 16, 1960, filed $550,000 of 6% convertible subordinated debentures, due 1976. **Price**—At 100% of principal amount. **Business**—The manufacture and distribution of urethane foam and foam rubber products. **Proceeds**—For new equipment and working capital. **Office**—640 West 134th St., New York City. **Underwriter**—Brand, Grumet & Seigel, Inc., New York City (managing).

★ General Supermarkets, Inc.
Jan. 17, 1961 filed 110,000 shares of common stock. **Price**—$3 per share. **Proceeds**—To be used as working capital to expand the number of supermarkets. **Office**—200 Main Ave., Passaic, N. J. **Underwriter** — Godfrey, Hamilton, Magnus & Co., Inc., New York City (managing).

Genie Petroleum, Inc.
Nov. 10, 1960 filed 838,718 shares of common stock. **Price**—$1 per share. **Business**—Development of oil properties. **Proceeds**—For general corporate purposes. **Office**—5245 W. Irving Park Road, Chicago, Ill. **Underwriter**—The issuer intends to become a licensed broker-dealer in the states in which this offering is to be made, and to offer 338,718 of the shares through its officers and employees. The remaining 500,000 shares will be offered through other licensed broker-dealers on a "best efforts" basis.

● Geochron Laboratories, Inc. (1/30-2/3)
Nov. 29, 1960 filed 150,000 shares of common stock. Also filed were 30,000 common shares underlying 6% convertible notes and 60,000 warrants to purchase a like number of common shares. **Price**—To be supplied by amendment. **Business**—The operation of a laboratory at Cambridge, Mass., to furnish on a commercial basis, determinations of the age of rock and mineral samples. **Proceeds** — For construction, equipment, and working capital. **Office** — 24 Blackstone St., Cambridge, Mass. **Underwriter**—Globus, Inc. and Ross, Lyon & Co., both of New York City.

Glassco Instrument Co.
Dec. 20, 1960 (letter of notification) 10,000 shares of capital stock (no par) to be offered by the issuing company and 20,000 shares of capital stock (no par) to be offered by Glassco Investment Co. **Price**—$5 per share. **Proceeds** — For working capital. **Office** — 777 Arroyo Parkway, Pasadena, Calif. **Underwriter**—Keon & Co., Inc., Los Angeles, Calif.

★ Glen Ross Limited Partnership
Jan. 16, 1961 filed $677,700 of limited partnership interests. **Price**—$2,700 per interest. **Business**—The company was organized under Maryland law in December, 1960, to acquire the Glen Ross Apartments at Silver Spring, Md. **Office**—1411 K Street, N. W., Washington, D. C. **Underwriter**—Swesnik & Blum Securities Corp., Washington, D. C.

● Gold Medal Packing Corp.
June 17, 1960, filed 100,000 shares of 25c convertible preferred stock (par $4). **Price**—At par. **Proceeds**—Approximately $150,000 will be used to discharge that portion of its obligation to Jones & Co. pursuant to which certain inventories are pledged as collateral. The indebtedness to Jones & Co. was initially incurred on June 15, 1960 in connection with refinancing the company's obligations to a bank. In addition, $15,000 will be used for the construction of an additional smokehouse, and the balance will be used for general corporate purposes. **Office**—614 Broad Street, Utica, N. Y. **Business**—The company is engaged in the processing, packing and distribution of meats and meat products, principally sausage products, smoked meats, bacon, and meat specialists. It also sells certain dairy products. **Underwriter**—To be named.

● Golden Crest Records, Inc. (2/20-24)
Dec. 16, 1960 filed 85,000 shares of 10c par class A common stock. **Price**—$3 per share. **Proceeds**—The firm will use the proceeds of its first public offering for working capital and general corporate purposes. **Office**—Huntington, L. I., N. Y. **Underwriters**—Dean Samitas & Co., Inc., 111 Broadway, New York City and Valley Forge Securities Co., Inc., Philadelphia, Pa. (jointly).

Grayway Precision, Inc. (2/7)
Dec. 23, 1960 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business**—Manufacturers of precision instruments. **Proceeds**—For general corporate purposes. **Office**—121 Centre Avenue, Secaucus, N. J. **Underwriters**—Harrison & Co., Philadelphia, Pa. and Marron, Sloss & Co., Inc., New York, N. Y.

● Great American Industries, Inc.
Nov. 10, 1960 filed 500,000 shares of outstanding common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To go to selling stockholders. **Office**—485 Fifth Ave., New York, N. Y. **Underwriter**—J. G. White & Co., Inc., New York, N. Y. **Offering**—Imminent.

Greenfield Real Estate Investment Trust
Dec. 21, 1960, filed 500,000 shares of beneficial interest. **Price**—To be supplied by amendment. **Business** — The company was organized on Dec. 20, 1960 to provide investors with an interest in diversified income-producing properties consisting principally of real estate interests. **Proceeds**—For investment. **Office** — Bankers Securities Bldg., Philadelphia, Pa. **Underwriter** — Drexel & Co., Philadelphia (managing). **Offering**—Expected in early February.

● Guild Musical Instrument Corp.
Oct. 25, 1960 filed 110,000 shares of common stock. **Price**—$3 per share. **Proceeds** — For general corporate purposes, including debt reduction, machinery and equipment, inventory, and working capital. **Office**—Hoboken, N. J. **Underwriter**—Michael G. Kletz & Co., Inc., New York City. **Offering**—Expected sometime in February.

Gulf Guaranty Land & Title Co. (1/23-27)
Nov. 29, 1960 filed $750,000 of 7% convertible subordinated debentures, due 1968 and 150,000 shares of common

stock to be offered in units, each unit to consist of $100 of debentures and 20 shares of common stock. **Price**—$200 per unit. **Business** — The development of a planned community in Cape Coral, Fla. **Proceeds**—To reduce indebtedness, repay a mortgage, construction, and general corporate purposes. **Office**—Miami, Fla. **Underwriter**—Street & Co., New York City.

★ **Holiday Inn Birmingham Associates**
Jan. 16, 1961 filed $675,000 of limited partnership interests. **Price**—$5,000 per interest. **Business**—The company is a limited partnership formed in December, 1960, to purchase for investment the fee title to the Holiday Inn Motor Hotel at Bessemer, Ala. **Proceeds**—For purchase of the above property and for working capital. **Office**—375 Park Avenue, New York City. **Underwriter**—Interamerica Securities Corp., New York City.

Howell Instruments Inc.
Oct. 4, 1960 filed 140,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Address** — Fort Worth, Texas **Underwriters**—G. H. Walker & Co., New York, N. Y. and Dewar, Robertson & Pancoast, San Antonio, Tex. **Offering**—Indefinitely postponed.

Hydro-Electronics Corp. (2/15)
Nov. 21, 1960 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Business**—The design and manufacture of precision measuring equipment, automation equipment and general precision fluid controls. **Proceeds** — For general corporate purposes. **Office**—691 Merrick Road, Lynbrook, L. I., N. Y. **Underwriter**—Lloyd Securities, New York, N. Y.

Hydromatics, Inc.
Nov. 25, 1960 filed $1,000,000 of debentures, due Jan. 1, 1971 with warrants for the purchase of common stock to be offered in units, each unit to consist of a $1,000 debenture and one warrant; and 20,000 outstanding common shares. **Price**—To be supplied by amendment. **Business**—The designing, manufacturing and selling of ball valves. **Proceeds**—To retire bank loans, purchase additional equipment and for working capital. **Office** — 5 Lawrence St., Bloomfield, N. J. **Underwriters** — Paine, Webber, Jackson & Curtis and Tucker, Anthony & R. L. Day, both of New York (managing). **Offering**—Indefinitely postponed.

Hydroswift Corp.
Oct. 20, 1960 filed 70,000 shares of common stock. **Price**—$5 per share. **Business**—The firm, which was organized in February, 1957, makes and wholesales products and services for the fiberglass industry, including particularly fiberglass boats known as "HydroSwift" and "Skyliner." **Proceeds**—For general funds, including expansion. **Office** — 1750 South 8th St., Salt Lake City, Utah. **Underwriter**—Whitney & Co., Salt Lake City, Utah.

I C Inc.
June 29 filed 600,000 shares of common stock (par $1) Price—$2.50 per share. Proceeds—To further the corporate purposes and in the preparation of the concentrate and enfranchising of bottlers, the local and national promotion and advertising of its beverages, and where necessary to make loans to such bottlers, etc. Office—704 Equitable Bldg., Denver, Colo. Underwriters— Purvis & Co. and Amos C. Sudler & Co., both of Denver, Colo.

Ilikon Corp. (3/1)
Dec. 23, 1960, filed 75,000 shares of common stock. **Price**—$5 per share. **Business**—The company was formed in June 1960, to undertake research and development in the field of "materials engineering and science." **Proceeds**—To carry on work on projects now in the laboratory stage and for general corporate purposes. **Office**—Natick, Mass. **Underwriter**—Myron A. Lomasney & Co., New York City.

★ **Income Planning Corp.**
Dec. 29, 1960 (letter of notification) 5,000 shares of cumulative preferred stock (no par) and 10,000 shares of class A common stock (par 10 cents) to be offered in units consisting of one share of preferred and two sharesof common. **Price**—$40 per unit. **Proceeds**—To open a new branch office, development of business and for working capital. **Office**—3300 W. Hamilton Boulevard, Allentown, Pa. **Underwriter**—Espy & Wanderer, Inc., Teaneck, N. J.

● **Industrial Control Products, Inc.**
Nov. 1, 1960 filed 125,000 shares of 10¢ par class A stock. **Price**—$4 per share. **Business**—The design and manufacture of control systems and subcontracted precision machining. The firm has recently begun to make double-diffused, broad base silicon diodes, but is not yet in commercial production of these items. **Proceeds**—For expenses of semi-conductor production, research and development, advertising and selling, inventory, and general funds. **Office**—78 Clinton Road, Caldwell Township, N. J. **Underwriter**—Edward Hindley & Co., 99 Wall Street, New York 5, N. Y. (managing). **Note**—This statement was withdrawn Jan. 13.

Industrial Leasing Corp.
Nov. 25, 1960 (letter of notification) 1,000 shares of common stock (par $5). **Price**—$45 per share. **Proceeds**—To go to selling stockholders. **Office**—515 S. Aiken Ave., Pittsburgh, Pa. **Underwriter** — McKelvy & Co., Pittsburgh, Pa.

● **International Diode Corp. (2/1)**
July 29, 1960 filed 42,000 shares of 6% non-cumulative convertible preferred stock (par $8). **Price** — $8 per share. **Business**—Makes and sells diodes. **Proceeds**—To establish a staff of production and sales engineers, finance new product development, buy equipment, and add to working capital. **Office**—90 Forrest St., Jersey City, N. J. **Underwriter**—T. M. Kirsch Co., New York City.

International Electronic Research Corp. (1/30)
Dec. 1, 1960 filed 220,000 shares of common stock, of which 110,000 shares will be sold by the company and 110,000 shares for the account of selling stockholders. **Price**—To be supplied by amendment. **Business**—Produces a heat dissipating tube shield for electron tubes, precision AC instruments, and does subcontract work in the aircraft and rocket engine industry. **Proceeds**—To repay outstanding loans and increase working capital. **Office**—135 West Magnolia Blvd., Burbank, Calif. **Underwriter**—Schwabacher & Co., San Francisco, Calif. and New York City (managing).

International Mosaic Corp.
Sept. 30, 1960 (letter of notification) 99,333 shares of common stock (par 10 cents). **Price**—$3 per share. **Business** — Manufacture of glass mosaics by machines and processes. **Proceeds** — For general corporate purposes. **Office**—45 East 20th St., New York 3, N. Y. **Underwriter**—B. G. Harris & Co., Inc., New York, N. Y. **Offering**—Imminent.

● **International Safflower Corp.**
Aug. 3, 1960 filed 60,000 shares of class A common stock (par $2). **Price**—$5 per share. **Proceeds**—To retire outstanding loans, buy seed, buy or lease land, building, and machinery, and for working capital. **Office**—350 Equitable Bldg., Denver, Colo. **Underwriter** — Copley & Co., Colorado Springs, Colo. **Offering**—The underwriter is in the process of filing amendments with the SEC, and the offering date is therefore indefinite.

Invesco Collateral Corp. (2/15)
Dec. 8, 1960, filed $300,000 of 6% registered debentures, series due June 30, 1964; $300,000 of 6% registered debentures, series due June 30, 1965, and $300,000 of 6% registered debentures, series due June 30, 1966. **Price**—To be offered for sale in $5,000 units at $4,450 per unit for the 1964 debentures, at $4,315 per unit for the 1965 debentures and at $4,190 per unit for the 1966 debentures. **Business**—The purchasing, investing in and selling of real estate mortgages. However, the company may buy, invest in and sell other types of securities. **Office**—511 Fifth Ave., New York, N. Y. **Underwriter**—None. **Note**—This company is a wholly owned subsidiary of Investors Funding Corp.

Investors Preferred Life Insurance Co.
Sept. 26, 1960 (letter of notification) 150,000 shares of common stock (no par). **Price**—$2 per share. **Proceeds**—For capital and surplus accounts. **Office**—522 Cross St., Little Rock, Ark. **Underwriter** — Life Securities, Inc., P. O. Box 3662, Little Rock, Ark.

Israel Development Corp.
Nov. 21, 1960 filed $3,000,000 of 5½% convertible sinking fund debentures, series A, due 1975, and 100,000 shares of common stock underlying such debentures. **Price**—To be offered in denominations of $500, $1,000 and $5,000, payable in cash or State of Israel bonds. **Business**—The company is a closed-end investment company which makes funds available for the economic development of Israel. **Proceeds**—To invest in establishing or existing Israeli businesses. **Office**—17 East 71st St., New York City. **Underwriter**—None.

J-F Machine, Diesel & Electronics, Inc. (1/27)
Dec. 9, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For reducing present obligations and working capital. **Address**—Route 23, King of Prussia, Pa. **Underwriter**—Vestal Securities Corp., New York, N. Y.

Jefferson Lake Asbestos Corp. (2/15)
Jan. 9, 1961 filed $2,625,000 of 6½% series A subordinated sinking fund debentures due 1972 (with series A warrants to purchase 262,500 common shares), and 175,000 shares of common stock to be offered for public sale in units consisting of four common shares and a $60 debenture (with a warrant to purchase six common shares initially at $5 per share). **Price**—$80 per unit. **Business**—The production and sale of asbestos. **Proceeds**—For construction and working capital. **Office**—1408 Whitney Building, New Orleans, La. **Underwriter** — A. G. Edwards & Sons, St. Louis, Mo. (managing).

Jonker Business Machines, Inc. (2/15)
Sept. 30, 1960 filed 50,000 common stock units, each unit to consist of one share of class A common and 3 shares of class B common, to be offered for subscription by holders of its common stock. **Price**—The price and the basis of the rights offering will be supplied by amendment. **Proceeds**—To establish sales and information centers, establish distributorships, expansion, and the balance for working capital. **Office**—404 No. Frederick Ave., Gaithersburg, Md. **Underwriter** — Hodgdon & Co., Inc., Washington, D. C.

● **Jouet, Inc. (2/6-10)**
Nov. 28, 1960 (letter of notification) 300,000 shares of common stock (par five cents). **Price** — $1 per share. **Business** — The manufacture of dolls, toys and similar items. **Proceeds**—For the purchase and installation of machinery and molds and for working capital. **Office** 346 Carroll Street, Brooklyn, N. Y. **Underwriter**—Edward H. Stern & Co., 32 Broadway, New York, N. Y.

Jungle Juice Corp.
Oct. 28, 1960 (letter of notification) 120,000 shares of common stock (par 25 cents). **Price**—$2.50 per share. **Proceeds**—For working capital and expansion. **Address**—Seattle, Wash. **Underwriters**—Planned Investing Corp., New York, N. Y. and Fidelity Investors Service, East Meadow, N. Y. **Offering**—Expected late January to early February.

Kanavau Corp.
Sept. 30, 1960 filed 250,000 shares of common stock (par $1). **Price**—$10 per share. **Business**—A real estate investment company. **Proceeds**—For acquisition of properties, working capital and general corporate purposes. **Office**—415 Lexington Ave., New York, N. Y. **Underwriter**—Ira Investors Corp., New York, N. Y. **Offering**—Expected in early February.

● **Kleer-Vu Industries, Inc. (2/6-10)**
Dec. 21, 1960, filed 115,000 shares of common stock. **Price**—$3.50 per share. **Business**—The company, formerly American Kleer-Vu Plastics, Inc., is engaged primarily in the business of manufacturing acetate and polyester transparent accessories and related items. **Proceeds**—To retire a loan, purchase additional equipment, enlarge plant facilities, hire more staff engineers, and provide additional working capital. **Office**—76 Madison Ave., New York City. **Underwriters**—Paul Eisenberg Co., and Godfrey, Hamilton, Magnus & Co., Inc., both of New York City (managing).

Knickerbocker Biologicals, Inc.
Dec. 23, 1960, filed 100,000 outstanding shares of class A stock. **Price**—$6 per share. **Business**—The manufacture, packaging and distribution of a line of diagnostic serums and cells used for the purpose of blood grouping and testing. The company also operates blood donor centers in New York and Philadelphia. **Proceeds**—For the selling stockholders. **Office**—300 West 43rd Street, New York City. **Underwriter**—None.

Kurz & Root Co.
Dec. 30, 1960 (letter of notification) 66,500 shares of common stock (par $1). **Price**—$4.50 per share. **Proceeds** — For general corporate purposes. **Office** — 232 East North Island Street, Appleton, Wis. **Underwriter**—Milwaukee Co., Milwaukee, Wis.

LP Gas Savings Stamp Co., Inc.
Sept. 27, 1960 (letter of notification) 30,000 shares of common stock **Price**—At par ($10 per share). **Proceeds**—For purchase of creative design and printing of catalogs, stamp booklets, advertising and for working capital. **Office**—300 W. 61st St., Shreveport, La. **Underwriter**—International Sales & Investment, Inc., 4501 North Blvd., Baton Rouge, La.

● **Lake Arrowhead Development Co.**
Jan. 10, 1961 filed 300,000 shares of common stock. **Price**—$10 per share. **Business** — Managing and developing the Arrowhead property, which is located in the San Bernadino Mountains. **Proceeds**—To reduce indebtedness, with the balance for general corporate purposes, including working capital. **Office** — Lake Arrowhead, Calif. **Underwriters** — Van Alstyne, Noel & Co., New York City, and Sutro & Co., San Francisco (managing). **Offering**—Expected in late February.

● **Lake Superior District Power Co. (2/7)**
Jan. 9, 1961 filed $3,000,000 of first mortgage bonds, series F, due Feb. 1, 1991. **Proceeds**—To finance part of the company's construction expenditures, including the payment of $2,500,000 of bank loans incurred for that purpose. **Office**—101 West Second Street, Ashland, Wis. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; White, Weld & Co. (jointly); Robert W. Baird & Co., Inc.; Salomon Bros. & Hutzler. **Bids**—To be received in Chicago on Feb. 7 at 10 a.m. (CST).

"Lapidoth" Israel Oil Prospectors Corp. Ltd.
Oct. 27, 1960 filed 1,500,000 ordinary shares. **Price**—To be supplied by amendment, and to be payable either totally or partially in Israel bonds. **Business**—The company was organized in October 1959 as a consolidation of individual and corporate licensees who had been operating in the oil business as a joint venture. **Proceeds**—For exploration and development of oil lands. **Office**—22 Rothschild Blvd., Tel-Aviv, Israel. **Underwriter**—None.

★ **Leaseway Transportation Corp. (3/8)**
Jan. 11, 1961 filed 150,000 shares of common stock, of which 75,000 shares are to be offered for the account of the issuing company and the remaining 75,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business**—The company was formed last November, and has gained or will gain control of 81 corporations. The company will lease trucks and other commercial vehicles on a long-term basis, and will engage in the intrastate operation of trucks as a local contract carrier. **Proceeds**—For working capital, which may be used for acquisitions or to enhance the issuer's borrowing power. **Office** — 11700 Shaker Blvd., Cleveland, O. **Underwriter**—Hayden, Stone & Co., New York City (managing).

● **Leasing Credit Corp.**
Nov. 29, 1960 filed 200,000 shares of class A stock and 200,000 warrants to be offered in units of one share and one warrant. **Price**—$4 per unit. **Business**—The company plans to engage in business of advancing funds to finance accounts receivable, inventories and purchase of equipment. **Proceeds**—For working capital. **Office**—440 West 34th Street, New York City. **Underwriter**—Edward Lewis & Co., Inc., New York (managing). **Offering**—Expected in mid-February.

Lee Communications Inc.
Nov. 28, 1960 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Business**—The manufacture, research, sale and distribution of communications equipment and related products. **Proceeds**—For payment of bank loans; new equipment; advertising and promotion; engineering research and for working capital. **Office**—470 Park Ave., S., New York, N. Y. **Underwriter**—H. B. Crandall Co., New York, N. Y.

Liberian Iron Ore Ltd.
May 19 joined with The Liberian American-Swedish Minerals Co., Monrovia, Liberia, in the filing of $15,000,000 of 6¼% first lien collateral trust bonds, series A, due 1980, of Lio, $15,000,000 of 6¾% subordinated debentures due 1985 of Lio, an unspecified number of shares of Lio capital stock, to be offered in units. The

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units will consist of $500 of collateral trust bonds, $500 of debentures and 15 shares of capital stock. **Price**—For units, to be supplied by amendment, and not to be in excess of par. **Proceeds**—To make loans to Lamco. **Office**—97 Queen St., Charlottetown, Prince Edward Island, Canada, N. S **Underwriter**—White, Weld & Co., Inc., New York. **Note** — This offering has temporarily been postponed.

● Life Assurance Co. of Pennsylvania (1/25-27)
Nov. 29, 1960 filed 60,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds**—For investment in income producing securities and mortgages. **Office** — Philadelphia, Pa. **Underwriter** — Auchincloss, Parker & Redpath, Washington, D. C. (managing).

Lifetime Pools Equipment Corp. (1/24)
July 1, 1960, filed 175,000 shares of common stock. **Price**—$3.25 per share. **Business**—Engaged in the manufacture and selling of fiber glass swimming pools. **Proceeds**—$125,000 will be used to purchase machinery and equipment; $200,000 to purchase raw materials, parts and components; $40,000 for sales and advertising promotion; $30,000 for engineering and development; and the balance will be added to working capital. **Office**—Renovo, Pa. **Underwriters** — Pacific Coast Securities Co., San Francisco, Calif. and Grant, Fontaine & Co., Oakland, Calif. **Note**—Statement effective Nov. 23.

Lone Star Gas Co.
Dec. 6, 1960 filed a maximum of 655,733 shares of common stock (par $10) being offered to holders of record Jan. 5 on the basis of one new share for each 10 shares then held, with rights expiring Jan. 23. **Price**—$40 per share. **Business**—The operation of gas transmission lines and distribution systems in Oklahoma and Texas. **Office**—301 South Harwood St., Dallas, Tex. **Proceeds**—Repay short-term loans and for construction. **Underwriter**—First Boston Corp. (heading a group for unsubscribed for shares).

M. B. C. Nome Co.
Dec. 19, 1960 (letter of notification) 18,000 shares of convertible preferred stock. **Price** — At par ($5.75 per share). **Proceeds**—For working capital and expansion. **Office**—61 Renato Court, Redwood City, Calif. **Underwriter**—C. R. Mong & Associates, Menlo Park, Calif.

● Management Assistance Inc. (2/15)
Dec. 28, 1960 (letter of notification) 60,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Business** — Consulting services and installation of business machines. **Proceeds** — For general corporate purposes. **Office**—40 Exchange Place, New York 5, N. Y. **Underwriter**—Federman, Stonehill & Co., New York, N. Y.

Marine & Electronics Manufacturing Inc.
Sept. 22, 1960 (letter of notification) 100,000 shares of common stock class A (par 10 cents). **Price**—$3 per share. **Proceeds**—For expenses in the fabrication of sheet metal parts for missiles, rockets, radar and marine items. **Address**—Hagerstown, Md. **Underwriter**—Batten & Co., Washington, D. C.

Marmac Industries, Inc.
Dec. 22, 1960, filed 108,000 shares of common stock. **Price**—$4.50 per share. **Business**—The manufacture and sale of wood cabinets. **Proceeds**—For general business purposes. **Office**—Wenonah, N. J. **Underwriter**—Metropolitan Securities, Inc., Philadelphia (managing). **Offering**—Expected in early February.

Maryland Cup Corp. (2/14)
Dec. 29, 1960 filed 235,100 shares of common stock (par $1) of which 21,000 will be offered for the account of company and $214,000 for the account of selling stockholders. **Price** — To be supplied by amendment. **Business** — The company produces paper cups, straws, book matches, ice cream cones and plastic containers. **Proceeds**—The company will apply its funds toward the cost of additional equipment for its Plastics Division in the Boston area. **Office** — Baltimore, Md. **Underwriter**—Lehman Brothers, New York City (managing).

Medco, Inc.
Dec. 19, 1960 (letter of notification) 60,000 shares of class A common stock (par 10 cents). **Price**—$5 per share. **Proceeds**—To open new licensed departments in 1961. **Office**—211 Altman Building, Kansas City, Mo. **Underwriter**—Midland Securities Co., Inc., Kansas City, Mo.

Mensh Investment & Development Associates, Inc.
Nov. 17, 1960, filed (1) $1,100,250 of 8% convertible subordinated debentures, due Sept. 1, 1970, and 36,675 shares of capital stock (par $1) to be offered in units of $750 of debentures and 25 shares of stock; (2) $969,000 of debentures and 32,300 shares of stock to be offered for subscription by stockholders and (3) approximately $142,860 of debentures and not to exceed 5,000 shares of stock to be offered in exchange for the 6% debentures, due March, 1961, of its subsidiary, Mentos Investments, Inc. **Price**—(1) $1,100 per unit; (2) 100% per debenture and $10 per share of stock. **Business** — The principal assets of the company are an office building at 1910 K St., N. W., Washington, D. C. **Proceeds**—To retire certain obligations; make improvements on property; retire debentures due 1961, and to construct or acquire income producing properties. **Office**—1625 Eye St., Washington, D. C. **Underwriter**—None.

Mesabi Iron Co.
Jan. 10, 1961 filed 180,000 shares of capital stock, to be offered for subscription by the company's stockholders. **Price**—To be supplied by amendment. **Proceeds**—To establish a reserve for 1960 tax payments. **Office** — 452 Fifth Ave., New York City. **Underwriter**—None.

Metropolitan Securities, Inc.
Nov. 17, 1960 (letter of notification) 100,000 shares of class A common stock (par $1). **Price**—$3 per share. **Proceeds** — For working capital. **Office** — 919-18th St., N. W., Washington, D. C. **Underwriter** — Metropolitan Brokers, Inc., Washington, D. C.

● Mid-America Life Insurance Co.
Oct. 11, 1960 (letter of notification) 100,000 shares of common stock (par 25 cents). **Price** — $2.75 per share. **Proceeds**—For capital and surplus accounts. **Office**—318 Northwest 13th St., Oklahoma City, Okla. **Underwriter**—F. R. Burns & Co., Oklahoma City, Okla., is no longer underwriter for this issue.

Midland Capital Corp. (2/1)
Dec. 16, 1960 filed 1,300,000 shares of common stock (par $1). **Price**—$12.50 per share. **Business**—The corporation was organized in August 1960 by Marine Midland Corp., a bank holding company, as a small business investment company. **Proceeds** — To provide management services and investment capital to small business concerns. **Office**—241 Main St., Buffalo, N. Y. **Underwriters**—Eastman Dillon, Union Securities & Co., and Granbery, Marache & Co., both of New York City (managing).

● Midland-Guardian Co. (1/30)
Oct. 27, 1960 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Business** — The firm discounts retail instalment sales notes for dealers in shell homes, mobile homes, and cars; finances at wholesale inventories of dealers in mobile homes and cars; makes small loans directly to borrowers; and operates various insurance subsidiaries, including a life insurance company. **Proceeds**—To repay short-term bank loans, which on Sept. 30 amounted to $31,529,000. **Office**—1100 First National Bank Bldg., Cincinnati, O. **Underwriter**—Kidder, Peabody & Co., New York City (managing).

Midwestern Acceptance Corp.
Sept. 8, 1960, filed 1,169,470 shares of common stock and $994,050 of 6% debentures, to be offered for public sale in units of one share of stock and 85¢ of debentures Price — $1 per unit. Business — The company will do interim financing in the home building industry. Proceeds — To start its lending activities. Address — P. O Box 886, Rapid City, S. D. **Underwriter**—None.

Milo Electronics Corp. (3/1)
Dec. 27, 1960 filed 150,000 shares of common stock. **Price**—$5 per share. **Business**—The company is a wholesaler and distributor of electronic equipment. **Proceeds**—For debt reduction, inventory and general corporate purposes. **Office**—530 Canal Street, New York City. **Underwriter** — Myron A. Lomasney & Co., New York City (managing).

Mineral Concentrates & Chemical Co., Inc.
Nov. 10, 1960 filed 75,000 shares of common stock. **Price**—$5 per share. **Business**—Production of beryllium oxide. **Proceeds** — To pay two corporate notes; plant improvements; research and experimentation with flotation process; and working capital. **Office**—1430 First National Bank Bldg., Denver, Colo. **Underwriter**—None.

★ Minitone Electronics, Inc.
Jan. 11, 1961 filed 249,333⅓ shares of common stock, of which 129,000 will be publicly offered. **Price**—$3 per share. **Business**—The firm was organized last March for the purpose of making and selling small DC motors and certain consumer products using such motors. **Proceeds**—For debt reduction and general corporate purposes, including working capital. **Office**—55 W. 13th St., New York City. **Underwriter**—None.

Minneapolis Gas Co. (1/20)
Nov. 21, 1960, filed 228,346 shares of common stock to be offered for subscription by common stockholders on the basis of one share for each eight shares held. **Price**—To be supplied by amendment. **Proceeds** — For repayment of bank loans and for additions to the property. **Office**—739 Marquette Ave., Minneapolis 2, Minn. **Underwriter**—Kalman & Co., Inc., St. Paul, Minn.

Mobile Credit Corp.
Sept. 14, 1960 filed 25,874 shares of common stock and 1,000 shares of $100 par 6% cumulative convertible preferred stock. The stock will be offered for subscription by shareholders of record on the basis of two shares of new common for each three such shares held and one share of new preferred for each 38.81 common shares held, the record date in each case being Sept. 1, 1960. **Prices**—For common, $10 per share; for preferred, $100 per share. **Business**—The purchase of conditional sales contracts from dealers in property so sold, such as mobile homes, trailers, boats, and motorcycles. **Proceeds**—For working capital. **Office**—100 E. Michigan Ave., Jackson, Mich. **Underwriter**—None.

Model Finance Service, Inc.
May 26 filed 100,000 shares of second cumulative preferred stock—65c convertible series, $5 par—and $1,000,000 of 6½% junior subordinated debentures, due 1975 Price—To be supplied by amendment. Proceeds—To be added to the company's general working funds. Office—202 Dwight Building, Jackson, Mich. Underwriter—Paul C. Kimball & Co., Chicago, Ill. **Offering**—Expected in January.

Modern Materials Corp.
Jan. 4, 1961 filed 150,000 shares of common stock, of which 50,000 will be offered for sale by the company and the remaining 100,000, being outstanding stock, by the present holders thereof. **Price** — To be supplied by amendment. **Business**—The manufacture and distribution of aluminum and asphalt siding and related accessories. **Proceeds** — For the repayment of loans and for general corporate purposes. **Office**—7018 South Street, Detroit, Mich. **Underwriter**—Smith, Hague & Co., Detroit (managing).

Mohawk Insurance Co. (1/23-27)
Aug. 8, 1960, filed 75,000 shares of class A common stock. **Price**—$12 per share. **Proceeds**—For general funds. **Office**—198 Broadway, New York City. **Underwriter**—R. F. Dowd & Co., Inc., 39 Broadway, New York 6, N. Y.

Monarch Electronics International, Inc. (2/7)
Oct. 31, 1960 filed 200,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The company, organized in 1958 under the name Arrow Electronics International, Inc., imports and sells electronic and high fidelity parts and equipment. **Proceeds**—To retire bank loans and for working capital. **Office**—7035 Laurel Canyon Boulevard, North Hollywood, Calif. **Underwriter**—Pacific Coast Securities Co., 240 Montgomery Street, San Francisco, Calif.

● Montgomery Ward Credit Corp. (1/26)
Dec. 21, 1960, filed $25,000,000 of debentures due Feb. 1, 1981 and $25,000,000 of subordinated debentures due Feb. 1, 1981. **Price**—To be supplied by amendment. **Business**—Finances deferred payment accounts of Montgomery Ward & Co., parent company. **Proceeds**—To be added to general funds. **Office**—619 West Chicago Ave., Chicago 7, Ill. **Underwriter**—Lehman Brothers, New York (managing).

● Mortgage Guaranty Insurance Corp. (1/23-27)
Oct. 17, 1960 filed 155,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—Insuring lenders against loss on residential first mortgage loans, principally on single family non-farm homes. **Proceeds**—For capital and surplus. **Office**—606 West Wisconsin Avenue, Milwaukee, Wis. **Underwriter**—Bache & Co., New York City (managing). **Note**—This stock is not qualified for sale in New York State.

● Municipal Investment Trust Fund, Series A
Sept. 1, 1960 filed $20,000,000 of interest in the Fund to be offered in 20,000 units. **Business**—The Fund will purchase tax-exempt securities of states, municipalities, counties and territories of the United States. **Sponsor**—Ira Haupt & Co., 111 Broadway, New York City. **Offering**—Expected in early February.

● Mustang Lubricants, Inc. (1/27)
May 9, 1960 filed 74,410 shares of common stock (par 10c). **Price**—$5 per share. **Business**—The firm distributes specialty lubricants for heavy duty equipment. **Proceeds**—For general corporate purposes. **Office** — 2145 South Clermont, Denver, Colo. **Underwriter** — Copley & Co., Colorado Springs, Colo.

National Airlines, Inc.
Sept. 21, 1960 filed $10,288,000 of convertible subordinated debentures, due 1975, to be offered for subscription by holders of the outstanding common stock on the basis of $100 of debentures for each 18 common shares held. **Price**—To be supplied by amendment. **Business**—Domestic and international transport of persons, property, and mail. **Proceeds**—To make payments on planes and reduce short-term indebtedness, with the balance for general corporate purposes. **Office** — Miami International Airport, Miami, Fla. **Underwriter** — Lehman Brothers, New York City (managing). **Offering**—Expected in late February to early March.

National Equipment Rental, Ltd. (1/25)
Dec. 20, 1960 filed 136,000 shares of common stock to be offered for subscription by common stockholders. Price—To be supplied by amendment. Business—The rental or leasing of equipment to business organizations, including production, processing, and packaging machinery. **Office**—1 Plainfield Ave., Elmont, N. Y. **Underwriter**—Burnham & Co., New York (managing).

Navajo Freight Lines, Inc.
May 9, 1960, filed (with the ICC) 250,000 shares of common stock, of which 189,000 shares, being outstanding stock, will be offered for the account of the present holders thereof, and 61,000 shares will be offered for the account of the issuing company. **Price**—To be supplied by amendment. **Office**—1205 So. Plate River Drive, Denver 23, Colo. **Underwriters**—Hayden, Stone & Co. and Lowell, Murphy & Co. (jointly). **Offering**—Indefinitely postponed.

● New Moon Homes, Inc. (2/6-10)
Nov. 28, 1960 filed 131,600 shares of common stock (par $1), of which 66,668 shares are to be offered by the company, and 64,932 shares for the account of selling stockholders. **Price**—$9 per share. **Business**—The manufacture and sale of mobile homes. **Proceeds**—For working capital and new product development. **Office**—7808 Carpenter Freeway, Dallas, Texas. **Underwriter**—Baker, Simonds & Co., Detroit, Mich. (managing).

New Western Underwriting Corp.
Oct. 25, 1960 filed $2,000,000 of 15-year 6% subordinated convertible debentures. **Business** — The company which was organized in August, 1959, is developing, through subsidiaries, a dealer-recourse finance business and a life insurance business. **Proceeds**—For expansion. **Price**—At par. **Office**—Helena, Mont. **Underwriter**—Wilson, Ehli, Demos, Bailey & Co., Kook Bldg., 3203 3rd Ave., North Billings, Mont.

Normandy Oil & Gas, Inc.
Aug. 31, 1960 filed 750,000 shares of common stock. Price—$1 per share. Business—Oil and gas exploration and production. Proceeds — For general corporate purposes. Office—620 Oil & Gas Bldg., Wichita Falls, Texas. Underwriter—None, but 102,500 of the shares are reserved for commissions to selling brokers at the rate of 15 shares for each 100 shares sold.

● Northfield Precision Instrument Corp.
Dec. 27, 1960 (letter of notification) 24,428 shares of common stock (par 10 cents). **Price**—At-the-market (not more than $2 per share). **Business** — Manufacturers of precision instruments in electronic, aircraft and missile industries. **Proceeds** — To go to underwriter. **Office**—4400 Austin Blvd., Island Park, L. I., N. Y. **Underwriter**—Robert Edelstein Co., Inc., New York, N. Y. **Offering**—Expected in early February.

● Otter Tail Power Co. (1/24)
Dec. 15, 1960, filed $7,000,000 of first mortgage bonds, series of 1991. **Proceeds** — For repayment of short-term bank loans and for construction. **Office**—215 South Cascade St., Fergus Falls, Minn. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co.; Glore, Forgan & Co.; White, Weld & Co. **Bids**—To be received on Jan. 24 at 10 a.m. (CST) at 11 South LaSalle Street (20th floor), Chicago. **Information Meeting**—There is no formal meeting scheduled. Inquiries should be addressed to the company.

P. & C. Food Markets, Inc.
Dec. 23, 1960 filed 40,000 shares of common stock of which 32,000 will be offered for sale to public and 8,000 to employees. **Price**—$12.50 per share (to public). **Business**—The operation of a chain of 46 retail self-service food and grocery supermarkets in central New York State. **Proceeds**—For inventories for five new stores and for general corporate purposes. **Office** — Geddes, New York. **Underwriter**—First Albany Corp., Albany, New York (managing).

● Pacific Gas Transmission Co.
Dec. 12, 1960 filed $13,260,000 of 5½% convertible debentures due Feb. 1, 1981 being offered for subscription by stockholders on the basis of $100 principal amount of debentures for each 16⅔ common shares held of record Jan. 11 with rights to expire on Feb. 8. **Price**—At par ($100) per unit. **Proceeds**—For pipeline expansion. **Office**—245 Market St., San Francisco, Calif. **Underwriter**—None.

Palm Developers Limited
Sept. 8, 1960, filed 100,000 shares of common stock (par 1 shilling). **Price** — $3 per share. **Business** — The company intends to deal in land in the Bahamas. **Proceeds**—To buy land, and for related corporate purposes. **Office**—6 Terrace, Centreville, Nassau, Bahamas. **Underwriter**—David Barnes & Co., Inc., New York City. **Offering**—Expected in early February.

Palomar Mortgage Co. (1/23-27)
Dec. 15, 1960 filed $1,100,000 of subordinated convertible debentures, due 1975. **Price** — At 100% of principal amount. **Business**—The obtaining, arranging and servicing of real estate loans. **Office**—5th & University Aves., San Diego, Calif. **Proceeds** — To retire bank loans and for working capital. **Underwriter** — J. A. Hogle & Co., Salt Lake City (managing).

Pantex Manufacturing Corp.
Dec. 27, 1960 filed 513,299 shares of capital stock, of which 307,222 shares are to be offered for the account of the issuing company and 206,077 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. The stock being offered for the company is a rights offering; one new share will be offered for each three capital shares held. **Price**—To be supplied by amendment. **Proceeds**—For the purchase of 200,000 shares of Tel-A-Sign, Inc. for $450,000, said shares to be distributed as a dividend to shareholders, with the balance for general corporate purposes, including working capital. **Office**—Central Falls, R. I. **Underwriter**—None.

Patrician Paper Co., Inc.
Oct. 14, 1960 filed $800,000 of 7% unsecured subordinated notes due Oct. 1, 1965 and 96,000 shares of common stock (par 10c) to be offered in 8,000 units, each unit consisting of $100 principal amount of 7% notes and 12 shares of common stock. **Price**—To be supplied by amendment. **Business**—The company manufactures facial and toilet tissues. **Proceeds**—For acquisition of property, to acquire machinery and equipment, and for repayment of certain loans. **Office** — 485 Lexington Ave., New York, N. Y. **Underwriter** — Hill, Darlington & Grimm, New York, N. Y. **Offering**—Indefinite.

Pearce-Simpson, Inc.
Dec. 30, 1960 filed $1,800,000 of outstanding 6% convertible debentures due April 1, 1970; 200,000 shares of common stock reserved for issuance upon conversion of the debentures; 145,938 outstanding shares of common stock; 72,500 outstanding warrants for the purchase of common shares and a like number of underlying shares. **Business**—The manufacture of radio telephones. **Proceeds**—To the selling stock and debenture holders. **Office**—2295 N. W. 14th Street, Miami, Fla. **Underwriter**—None.

● Peerless Mortgage Co. (1/23)
Nov. 16, 1960 (letter of notification) 430,000 shares of common stock (par 20 cents). **Price**—60 cents per share. **Proceeds**—For general corporate purposes. **Office**—403 Ursula Street, P. O. Box 187, Aurora, Colo. **Underwriter**—Copley & Co., Colorado Springs, Colo.

● Perry Electronic Components, Inc. (1/25)
Nov. 30, 1960 (letter of notification) 75,000 shares of common stock (par five cents). **Price** — $4 per share. **Business**—The production of electronic components used by manufacturers of electronic instruments and equipment. **Proceeds** — For the purchase of electronic test equipment and machinery; for advertising and sales promotion; for research and development; for the acquisition of basic raw materials; for reduction of outstanding indebtedness; for working capital and for general corporate purposes. **Office**—81 Water St., Ossining, N. Y. **Underwriter**—S. B. Cantor & Co., and Farrell Securities Co., New York City.

● Philadelphia Aquarium, Inc.
Oct. 14, 1960 filed $1,700,000 of 6% debentures due 1975 and 170,000 shares of capital stock (par 50 cents) to be offered in units, each consisting of one $100 debenture and 10 shares of stock. **Price**—$150 per unit. **Business**—Operation of an aquarium in or about Philadelphia. **Proceeds**—To acquire ground and to construct an aquarium building or buildings. **Office**—2635 Fidelity-Philadelphia Trust Building, Philadelphia, Pa. **Underwriter**—Stroud & Co., Inc., Philadelphia, Pa.

● Photo Service, Inc. (2/23)
Dec. 30, 1960 filed 162,500 shares of common stock of which 125,000 shares will be offered for public sale by the company and the remaining 37,500, being outstanding, by the selling stockholder. **Price**—To be supplied by amendment. **Business**—The processing of photographic film, the wholesale distribution of photographic equipment and the operation of three retail camera shops in the Chicago area. **Proceeds**—For construction and new equipment, repayment of debt, purchase of stock or assets of other firms in the photo-finishing business and for general corporate purposes. **Office** — 220 Graceland Ave., Des Plaines, Ill. **Underwriter**—Cruttenden, Podesta & Co., Chicago, Ill. (managing).

● Plastics & Fibers, Inc. (1/23-27)
June 14 (letter of notification) 150,000 shares of common stock (par 20 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—Whitehead Avenue, South River, N. J. **Underwriter**—M. R. Zeller Co., New York City. **Offering**—Sometime in January.

Polychrome Corp.
Dec. 29, 1960 filed 125,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The design and manufacture of offset printing supplies and mimeograph stencils. **Proceeds** — For new facilities and new products and for working capital. **Office**—2 Ashburton Ave., Yonkers, N. Y. **Underwriter**—Westheimer & Co., Cincinnati (managing). **Offering**—Expected in March.

● Polysonics, Inc. (1/23)
Nov. 18, 1960 (letter of notification) 70,000 shares of 1 cent par common stock. **Price**—$3 per share. **Business**—The company, formed last July, will act as theatrical producers and will produce jazz festivals, concerts, records and commercial films. The firm also plans to enter the development and merchandising of new commercial color sound process for industrial and commercial advertising. **Proceeds**—For working capital. **Office**—480 Lexington Avenue, New York City. **Underwriters**—M. H. Meyerson & Co., Ltd., 15 William Street, New York City (managing); Karen Securities Corp., New York City, and Selected Investors, Brooklyn, New York.

Popell (L. F.) Co.
Nov. 18, 1960 filed 99,996 shares of common stock to be offered for subscription by common stockholders at the rate of one share for each three shares of common stock held. **Price**—To be supplied by amendment. **Business**—Distribution, sale and installation of building, insulating and acoustical products. **Proceeds**—For plant construction; expansion of its distribuiton of Perma-Glaze and working capital. **Office**—2501 Northwest 75th Street, Miami, Fla. **Underwriter**—To be supplied by amendment.

Porce-Cote Research & Development Corp.
Nov. 18, 1960 (letter of notification) 50,000 shares of class A stock (par 10 cents). **Price**—$5 per share. **Business**—Research and development of chemical products. **Proceeds**—For general corporate purposes. **Office**—336 Uniondale Ave., Uniondale, N. Y. **Underwriter**—Suburban Investors Corp., Uniondale, N. Y.

Product Design & Engineering, Inc.
Dec. 28, 1960 (letter of notification) 225,000 shares of common stock (par 10 cents). **Price**—$1.15 per share. **Proceeds**—To purchase a plant and equipment and for working capital. **Office**—750 S. Florida Avenue, Minneapolis, Minn. **Underwriters**—Continental Securities, Inc., Minneapolis, Minn. and Sampair & Egan, Inc., St. Paul, Minn.

★ Progress Webster Electronics Corp. (3/1)
Jan. 13, 1961 filed 150,000 shares of common stock. **Price**—$4.50 per share. **Business**—The company and its subsidiaries are engaged in the business of manufacturing, distributing and developing electronic equipment and components and related products for residential, commercial and military use. **Proceeds**—For working capital. **Office**—10th Street, and Morton Avenue, Chester, Pa. **Underwriter**—Marron, Sloss & Co., Inc., New York City (managing).

★ Puget Sound Power & Light Co. (2/15)
Jan. 13, 1961 filed $15,000,000 of first mortgage bonds, series due 1991. The registration also covers 326,682 common shares which the company plans to offer to common stockholders on the basis of one new share for each 10 shares held of record Feb. 15. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for construction. **Office**—1400 Washington Building, Seattle, Wash. **Underwriters**—Blyth & Co., Inc., and Merrill Lynch, Pierce, Fenner & Smith, Inc., both of New York City (managing).

Radar Measurements Corp. (2/15)
Sept. 28, 1960 (letter of notification) 85,700 shares of common stock (par $1). **Price**—$3.50 per share. **Business**—Manufacturers of electronic equipment. **Proceeds**—For general corporate purposes. **Office** — 190 Duffy Ave., Hicksville, N. Y. **Underwriter**—Blaha & Co., Inc., 29-28 41st Avenue, Long Island City 1, N. Y.

★ Radiatronics, Inc.
Dec. 28, 1960 (letter of notification) 100,000 shares of capital stock (no par) of which 16,000 shares are to be offered by a selling stockholder. **Price**—$3 per share. **Proceeds**—For additional equipment, machinery, and working capital. **Office** — 14801 California Street, Van Nuys, Calif. **Underwriter**—Morgan & Co., Los Angeles, Calif.

● Rajac Self-Service, Inc. (1/30)
Nov. 15, 1960 filed 154,375 shares of common stock (10c par). **Price**—$3 per share. **Proceeds**—$30,000 will be used to pay an outstanding note, $87,500 will be used for the acquisition, constructing, and equipping of an additional plant, $22,500 will be used to cover the expenses of offering the stock, and the balance will be used to reduce indebtedness and purchase equipment. **Office**—Mt. Vernon, N. Y. **Underwriter**—The James Co., 369 Lexington Avenue, New York 17, N. Y.

Ram Electronics, Inc. (3/1)
Dec. 28, 1960 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business**—Manufacturers of electronic and replacement parts for television receivers and other electrical circuits. **Proceeds**—For general corporate purposes. **Office**—600 Industrial Ave., Paramus, N. J. **Underwriter** — Plymouth Securities Corp., New York, N. Y.

Real Estate Market Place, Inc.
Dec. 20, 1960, filed 50,000 shares of class A common stock, of which 12,903 shares will be exchanged for real property and the balance of 37,097 shares sold publicly, together with 50 shares of class B common stock. **Price**—$100 per share for each class. **Proceeds**—To pay costs and expenses incidental to the company's organization and operation. **Office**—1422 Sixth Ave., San Diego, Calif. **Underwriter**—None.

Real Estate Mutual Fund
Oct. 14, 1960 filed 200,000 shares of beneficial interest. **Price**—$5 per share. **Business**—An open-end real estate investment trust specializing in investment real estate. **Office** — 606 Bank of America Bldg., San Diego, Calif. **Distributor**—Real Estate Mutual Distributors, Inc., San Diego, Calif.

Realty Collateral Corp.
Dec. 12, 1960 filed $20,000,000 of collateral trust notes, series A, due 1981. **Price**—To be supplied by amendment. **Business** — The company was organized in September, 1960 to invest in real property mortgages insured under Title II of the National Housing Act. **Proceeds**—For general business purposes. **Office**—444 Madison Ave., New York, N. Y. **Underwriter**—None.

● Renwell Electronics Corporation of Delaware (2/20-24)
Jan. 9, 1961 filed 100,000 shares of common stock. **Price**—$4 per share. **Business**—The company was organized in December, 1960, to acquire all of the outstanding stock of Renwell Electronic Corp., a manufacturer of electronic assemblies and various other electronic components. **Proceeds** — For new equipment, plant expansion and working capital. **Office**—129 South State Street, Dover, Del. **Underwriter**—William David & Motti, Inc., New York City. **Offering**—Expected in March.

● Resisto Chemical, Inc. (1/20-23)
Aug. 29, 1960 filed 200,000 shares of common stock (par 10 cents). **Price**—$2.50 per share. **Business**—The firm makes and sells protective coatings for packaging and fabrics, and products used in insulation. **Proceeds**—For working capital ($235,358), with the balance for machinery, equipment, and general corporate purposes. **Office** — New Castle County Air Base, New Castle County, Del. **Underwriter**—Amos Treat & Co., Inc., New York City.

Reynolds & Reynolds Co. (1/23-27)
Dec. 1, 1960 filed 130,000 outstanding shares of class A common stock. **Price**—To be supplied by amendment. **Business**—The manufacture and sale of business and accounting forms and systems. **Proceeds**—To selling stockholders. **Office** — 800 Germantown St., Dayton, Ohio. **Underwriters** — H. M. Byllesby & Co., Chicago, and Grant-Brownell & Co., Dayton, Ohio (managing).

Richards Aircraft Supply Co. (2/2)
Dec. 29, 1960 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To retire a bank loan and an equipment loan, increase inventory, and for working capital. **Office**—111 S. W. 33rd Street, Fort Landerdale, Fla. **Underwriter**—Blaha & Co., Inc., Long Island City, N. Y.

Rixon Electronics, Inc.
Dec. 30, 1960 filed 115,000 shares of capital stock. **Price**—To be supplied by amendment. **Business**—The company is a custom electronics engineering and development concern engaged in the development and production of specialized electronic equipment for use in modern communications, instrumentations, data processing and other electronic systems. **Proceeds**—To repay indebtedness and for working capital. **Office** — 2414 Reedie Drive, Silver Spring, Md. **Underwriter**—Auchincloss, Parker & Redpath, Washington, D. C. **Offering**—Expected in mid-February.

Roblin-Seaway Industries, Inc.
Dec. 29, 1960 filed 80,000 shares of class A stock. **Price**—$6 per share. **Business**—Organized under New York law in December 1960, the company will be consolidated with, and carry on the business of Roblin, Inc., which buys and sells scrap steel and other ferrous and non-ferrous metals and Seaway Steel Corp., which operates a rolling mill producing bars, rods and other shapes of steel and nickel. The company will also have interests ranging from 50% to 76% in a demolition contractor, a lessor of demolition equipment, a stevedoring business, a metals broker and a manufacturer of rolled nickel anodes and other rolled nickel products. **Proceeds**—For general corporate purposes. **Office**—1437 Bailey Ave., Buffalo, N. Y. **Underwriter** — Brand, Grumet & Seigel, Inc., New York City (managing). **Offering**—Expected in late February or early March.

Roulette Records, Inc.
Aug. 29, 1960 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Business**—The manufacture and distribution of long-playing records. **Proceeds**—For debt retirement and general corporate purposes. **Office** — 1631 Broadway, New York City. **Underwriter**—A. T. Brod & Co., New York, N. Y.

(G. T.) Schieldahl Co.
Nov. 28, 1960 filed 9,000 outstanding shares of common stock and $765,000 of convertible subordinated deben-

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tures, due 1971. The debentures will be offered to holders of the outstanding common stock on basis of $100 principal amount of debentures for each 100 common shares held. **Price**—To be supplied by amendment. **Business**—The research, development and production of plastics and electronic instrumentation systems. **Proceeds**—For working capital, the acquisition and development of Plymouth Industrial Products, Inc., Sheboygan, Wis., and for expansion. **Office**—Northfield, Minn. **Underwriter**—Craig-Hallum, Inc., Minneapolis, Minn. (managing). **Offering**—Expected in January.

★ Scranton Mines Ltd.
Dec. 29, 1960 (letter of notification) 500,000 shares of common stock (par $1). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—3025 N. E. 36th Avenue, Portland, Ore. **Underwriter**—None.

● Screen Gems, Inc. (2/6-10)
Dec. 8, 1960 filed 300,000 shares of common stock ($1 par) to be offered for subscription by common stockholders of Columbia Pictures Corp., holder of all outstanding shares on the basis of one share of Screen Gems for each five shares of Columbia Pictures, and for subscription on the same basis by participating employees under the Columbia Pictures Corp. Employees' Stock Purchase Plan. **Price**—To be supplied by amendment. **Business**—The production and distribution of television feature films, shorts and commercials. **Proceeds**—For general business purposes and the making of payments to Columbia Pictures as required under the operating agreement. **Office**—711 Fifth Avenue, New York, N. Y. **Underwriting**—Hemphill, Noyes & Co., and Hallgarten & Co., both of New York City.

Scrivner-Stevens Co. (1/23-27)
Dec. 9, 1960 filed 70,000 shares of common stock, of which 62,840 shares are to be offered for the account of the issuing company and 7,160 shares, representing outstanding stock, will be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Business**—A wholesaler and distributor of food and allied products. **Proceeds**—$200,000 will be used to reduce short-term borrowings, $56,000 for a partial payment of a note due 1975, and the balance for working capital. **Office**—122 East Washington St., Oklahoma City, Okla. **Underwriter**—Francis I. du Pont & Co., New York City (managing).

Sealander Inc.
Dec. 19, 1960 (letter of notification) 150,000 shares of class A common stock (par 10 cents). **Price** — $2 per share. **Proceeds**—To start operations in manufacturing and selling boats. **Office**—2228 McElderry Street, Baltimore 5, Md. **Underwriter**—Robinette & Co., Inc., Baltimore, Md.

Search Investments Corp.
Jan. 4, 1961 filed 1,000,000 shares of common stock. **Price**—$1 per share. **Business**—A non-diversified closed-end investment company. **Proceeds**—For working capital and for investments. **Office**—1620 Rand Tower, Minneapolis, Minn. **Underwriter**—None.

Seeman Brothers, Inc.
Dec. 21, 1960 filed 98,150 shares of 5% cumulative convertible preferred stock (par $20) and a like amount of underlying common shares. **Price**—To be supplied by amendment. **Business** — The wholesale distribution of grocery products and the processing and sale of frozen fruits, vegetables and prepared foods. **Office**—40 West 225th St., New York, N. Y. **Underwriters** — Gregory & Sons, New York City and Straus, Blosser & McDowell, Chicago (managing). **Offering**—Expected in early February.

Shareholder Properties, Inc.
Dec. 2, 1960 (letter of notification) 40,000 shares of class A common stock (par $1). **Price**—$7.50 per share. **Proceeds**—For working capital. **Office**—2540 Huntington Dr., San Marino, Calif. **Underwriter** — Blalack & Co., San Marino, Calif.

● Shinn Industries Inc. (2/6-10)
Nov. 29, 1960 filed 150,000 shares of common stock. **Price**—$6 per share. **Business**—The manufacture, assembly and sale of aircraft and missile components and the construction of industrial and research facilities. **Proceeds**—To repay a bank loan, for expansion and inventory, and for working capital. **Office** — Wilmington, Del. **Underwriter**—Myron A. Lomasney & Co., New York City.

● Shore-Calnevar, Inc. (2/10)
Nov. 25, 1960 filed 200,000 common shares, of which 100,000 shares will be offered for public sale by the company and 100,000, being outstanding shares, by present stockholders. **Price**—To be supplied by amendment. **Business**—Designs and produces automobile hub caps, washroom dispensers and other janitorial supplies. **Proceeds**—To repay outstanding bank loans and to increase inventories. **Office** — 7701 East Compton Boulevard, Paramount, Calif. **Underwriter** — H. Hentz & Co. and Federman, Stonehill & Co., both of New York City (managing).

Simplex Wire & Cable Co.
Sept. 28, 1960 filed 118,000 shares of outstanding capital stock. **Price**—To be supplied by amendment. **Office**—Cambridge, Mass. **Underwriter**—Paine, Webber, Jackson & Curtis, New York City (managing). **Offering**—Indefinite.

Solite Products Corp. (2/6-10)
Dec. 8, 1960, filed 750 units, consisting in the aggregate of $225,000 principal amount of 7% debentures due February, 1968, and 75,000 shares of common stock to be offered in units of $100 of debentures and 100 common shares. **Price** — $300 per unit. **Business** — The design, manufacture and sale of advertising signs, displays and miscellaneous plastic items. **Proceeds**—For general business purposes, including the purchase of tools, dies and equipment; for research, sales and inventory and for additional working capital. **Office**—375 East 163rd St., New York, N. Y. **Underwriter**—William David & Motti, Inc., New York City.

Southern Co. (2/14)
Jan. 6, 1961 filed 900,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—For the repayment of bank loans and for construction. **Offices**—1330 West Peachtree Street, N. W., Atlanta, Ga., and 600 No. 18th Street, Birmingham, Ala. **Underwriter**—To be determined by competitive bidding. Probable bidders: Eastman Dillon, Union Securities & Co.; Blyth & Co., Inc. and Equitable Securities Corp. (jointly); First Boston Corp., and Lehman Brothers (jointly); Morgan Stanley & Co.; Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly). **Bids**—To be received at the office of Morgan Guaranty Trust Co., 60 Liberty Street, New York 15, N. Y. by 3:45 p.m. EST on Feb. 14. **Information Meeting**—Scheduled at the N. Y. State Chamber of Commerce, 65 Liberty Street, New York City, at 3 p.m. (EST) on Feb. 10.

Southwestern Capital Corp.
Sept. 30, 1960 filed 1,000,000 shares of common stock **Price**—$3 per share. **Business**—A closed-end investment company. **Proceeds**—For investment purposes. **Office**—1326 Garnet Ave., San Diego, Calif. **Underwriter**—None.

Southwestern Oil Producers, Inc.
March 23 filed 700,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For the drilling of three wells and the balance for working capital. **Office**—2720 West Mockingbird Lane, Dallas. **Underwriter** — Elmer K. Aagaard, 6 Salt Lake Stock Exchange Bldg., Salt Lake City, Utah.

Speedee Mart, Inc. (1/23-27)
Nov. 21, 1960 filed 90,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—Enfranchising others to manage and operate retail food stores under the name of "Speedee Mart." **Proceeds**—For acquisitions, equipment and store inventories. **Office** — 7988 Normal Ave., La Mesa, Calif. **Underwriter**—J. A. Hogle & Co., Salt Lake City, Utah.

Stancil-Hoffman Corp. (2/7)
Sept. 30, 1960 filed 150,000 shares of capital stock. **Price**—$2 per share. **Business** — The research, development, manufacture, and sale of magnetic recording equipment. **Office** — 921 North Highland Ave., Hollywood, Calif. **Underwriter**—Pacific Coast Securities Co., San Francisco, Calif.

● Standard & Shell Homes Corp. (1/23-27)
Nov. 1, 1960 filed 210,000 shares of common stock and $350,000 of 9% subordinated sinking fund debentures, due Nov. 1, 1985, with warrants to be offered in 35,000 units consisting of six common shares, a $10 debenture, and two warrants. **Price** — $17.50 per unit. **Proceeds** — For construction, mortgage funds, and working capital. **Office**—Miami Beach, Fla. **Underwriters**—Aetna Securities Corp. and D. Gleich Co., both of New York City, and Roman & Johnson, of Ft. Lauderdale, Fla.

● Starfire Boat Corp.
Sept. 1, 1960 (letter of notification) 70,000 shares of common stock (par 10 cents). **Price**—$4.25 per share. **Proceeds**—For working capital. **Office**—809 Kennedy Bldg., Tulsa, Okla. **Underwriter** — F. R. Burns & Co., Oklahoma City, Okla. **Offering**—Imminent.

Steel Crest Homes, Inc. (1/30-2/3)
Nov. 22, 1960 filed 180,000 shares of common stock; $450,000 of 8% subordinated sinking fund debentures ($10 face amount), due Sept. 1, 1981; and 45,000 warrants exercisable at $15 for the purchase of two shares and one debenture (for which 90,000 underlying common shares and 45,000 underlying 8% debentures were also filed). The securities will be offered in units, each unit to consist of four shares of stock, one $10 face amount debenture and one warrant. **Price**—$18 per unit. **Proceeds**—For the financing of homes sold by the company and its subsidiary, and for working capital. **Office**—Center Square, Pa. **Underwriters**—Marron, Sloss & Co., Inc., New York City and Harrison & Co., Philadelphia, Pa.

★ Stephen Realty Investment Corp.
Jan. 16, 1961 filed 1,400,000 shares of beneficial interest, of which 1,000,000 shares will be publicly offered and 400,000 shares are to be exchanged for real estate ventures. **Price**—$5 per share. **Office** — 1930 Sherman St., Denver, Colo. **Underwriter** — Stephen Securities Corp., Denver, Colo.

Storer Broadcasting Co. (2/14-17)
Dec. 30, 1960 filed 263,000 outstanding shares of common stock. **Price**—To be supplied by amendment. **Business**—The company owns and operates five television broadcasting stations, seven radio stations, six F.M. radio broadcasting stations and a daily newspaper. The company, through a subsidiary also owns a majority of the voting stock in The Standard Tube Co., Detroit, Mich, manufacturer of steel tubing and other tubular products. **Proceeds**—To the selling stockholders. **Underwriter**—Reynolds & Co., Inc., New York City (managing).

Straus-Duparquet Inc.
Sept. 28, 1960 filed $1,000,000 of 7% convertible subordinated debentures, due 1975. **Price**—At par. **Office**—New York City. **Underwriters**—To be supplied by amendment. **Offering**—Expected sometime in January.

● Super-Market Distributors, Inc. (1/30-2/3)
Dec. 1, 1960 filed 200,000 outstanding shares of common stock. **Price**—$5 per share. **Business**—The wholesale distribution of non-food consumer items to supermarkets. **Proceeds**—To selling stockholders. **Office**—39 Old Colony Ave., Boston, Mass. **Underwriter**—Clayton Securities Corp., Boston, Mass.

Swiss Chalet, Inc.
Jan. 4, 1961 filed 115,000 shares of 70¢ cumulative first preferred stock and 115,000 shares of common stock to be offered in units, each unit to consist of one share of preferred and one share of common. **Price**—$10 per unit. **Business**—Operates the Swiss Chalet Restaurant in San Juan, Puerto Rico. **Proceeds**—For the construction and furnishing of a seven-story hotel adjacent to the restaurant. **Office**—105 De Diego Avenue, San Juan, Puerto Rico. **Underwriters**—P. W. Brooks & Co., Inc., New York City and Compania Financiera de Inversiones, Inc., San Juan.

"Taro-Vit" Chemical Industries Ltd.
Nov. 25, 1960 filed 2,500,000 ordinary shares. **Price**—$0.60 a share payable in cash or State of Israel Bonds. **Business** — The company produces, in Israel, a poultry food supplement, and pharmaceutical and chemical products. **Proceeds** — $750,000 for expansion; $170,000 for equipment and working capital; and $130,000 for repayment of a loan. **Office** — P. O. Box 4859, Haifa, Israel. **Underwriter**—None.

★ Tax-Exempt Public Bond Trust Fund
Jan. 16, 1961 filed $5,000,000 of interests (5,000 units). **Price**—To be computed on the basis of the trustees evaluation of the underlying public bonds, plus a stated percentage (to be supplied by amendment) and dividing the sum thereof by 5,000. **Business** — The trust was formed by John Nuveen & Co., Chicago, Ill., to invest in tax-exempt obligations of states, counties, municipalities and territories of the United States. **Underwriter**—John Nuveen & Co., 135 South La Salle Street, Chicago, Ill.

● Tech-Ohm Electronics, Inc. (1/23-27)
Sept. 6, 1960 (letter of notification) 99,833 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — For general corporate purposes. **Office** — 36-11 33rd Street, Long Island City, N. Y. **Underwriter**—Edward Lewis Co., Inc., New York, N. Y.

● TelAutograph Corp. (1/30-2/3)
Nov. 18, 1960 filed an unspecified number of shares of common stock (par value $1), to be offered to common stockholders for subscription. **Price**—To be supplied by amendment. **Proceeds**—For initial production expenses of a Telescriber compatible with an A. T. & T. analog subset; for initial production expenses of facsimile equipment to be made by its subsidiary Hogan Faximile Corp., and the balance for the reduction of indebtedness. **Office**—8700 Bellanca Avenue, Los Angeles, Calif. **Underwriters**—Baird & Co., and Richard J. Buck & Co., both of New York City, and Chace, Whiteside & Winslow, Inc., Boston, Mass.

Tele-Graphic Electronics Corp.
Dec. 16, 1960 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Business**—Patent holding and development of its patent structure and preparation to develop for manufacture its patentable products. **Proceeds**—For general corporate purposes. **Office** — 514 Hempstead Ave., West Hempstead, N. Y. **Underwriter**—None.

● Telephone & Electronics Corp. (1/25-27)
Aug. 18, 1960 (letter of notification) 52,980 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Business**—Electronic communications equipment and automatic, loud-speaking telephone. **Office**—7 East 42nd St., New York 17, N. Y. **Underwriter**—Equity Securities Co., New York, New York.

● Telescript C.S.P., Inc. (1/30-2/3)
Dec. 23, 1960 (letter of notification) 60,000 shares of common stock. **Price**—$5 per share. **Business**—The firm makes a prompting machine for television and an electronic tape editor. **Proceeds**—To expand plant and sales force, enter closed circuit television, repay a $20,000 loan, and for working capital. **Office**—155 West 72nd St., New York City. **Underwriter**—Robert A. Martin Associates, Inc., 680 Fifth Avenue, New York City.

● Tensor Electric Development Co., Inc.
Jan. 5, 1961 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—The manufacture and sale of electronic components and instruments. **Proceeds**—For general corporate purposes. **Office**—1873 Eastern Parkway, Brooklyn, N. Y. **Underwriters**—Dresner Co., Michael & Co. (managing), and Satnick & Co., Inc., all of New York City. **Offering**—Expected in late February.

Texas Gas Transmission Corp. (2/8)
Dec. 30, 1960 filed 300,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Business**—The operation of an interstate pipeline system in Louisiana, Arkansas, Mississippi, Tennessee, Kentucky, Illinois, Indiana and Ohio. **Proceeds**—To be applied toward 1961 expansion program estimated to cost $27,000,000. **Office**—416 West Third St., Owensboro, Ky. **Underwriter**—Dillon, Read & Co., Inc., New York City (managing).

Texas Power & Light Co. (1/24)
Dec. 15, 1960 filed $12,000,000 of first mortgage bonds, series due 1991. **Proceeds**—For construction and the repayment of $4,500,000 of short-term loans from Texas Utilities Co., the parent company. **Office**—Fidelity Union Life Building, Dallas, Texas. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Lehman Brothers; White Weld & Co.; Kuhn, Loeb & Co., Blyth & Co. (handling the books), Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly). **Bids**—Expected on Jan. 24 at 11:30 a.m. (EST). **Information Meeting**—Scheduled for Jan. 19 at 11 a.m., in room 240, 2 Rector Street, New York City.

Thermo-Dynamics, Inc.
Dec. 27, 1960 filed 315,089 common shares of which 285,000 shares will be offered for the account of the issuing company are new and 30,089 shares, representing outstanding stock, are to be offered by two officers of the company. **Price**—$3.50 per share. **Business**—Formerly known as Agricultural Equipment Corp., this company

distributes German made Stihl chain saws and Stihl "Go-Kart" gasoline engines; U. S. made tractor attachments and power saws; makes cryogenic gas reclamation and transferral systems, L-P gas thermo-shock weed control devices, portable furnaces, etc. **Proceeds**—For the repayment of debts, for expansion and for working capital. **Office**—1366 W. Oxford Avenue, Englewood, Colo. **Underwriter**—Lowell, Murphy & Co., Inc., Denver, Colo.

Thursby (Reed A.) & Co.
Dec. 19, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For building sites, installation and for working capital. **Office**—4030 Overlook Road, N. E., St. Petersburg, Fla. **Underwriter**—Dunne & Co. and R. James Foster & Co., Inc., New York, N. Y.

Time Finance Corp.
Dec. 30, 1960 registered $1,000,000 of 6% convertible subordinated debentures due Jan. 1, 1976 and 150,000 underlying common shares. **Price**—At 100% of principal amount. The debentures will be convertible at prices ranging from $7.50 per share in January 1961 to $15 per share in January 1970. **Proceeds**—$96,560 to increase volume of accounts receivable financing; $24,145 to increase volume of direct industrial loans and dealer contracts; $24,145 to increase volume of small loans; and $700,000 for the reduction of notes payable. **Office**—Salt Lake City, Utah. **Underwriter**—Whitney & Co., Salt Lake City, Utah.

● Tip Top Products Co.
Oct. 4, 1960 filed 60,000 shares of class A common stock **Price**—To be supplied by amendment. **Address**—Omaha, Neb. **Underwriters**—J. Cliff Rahel & Co., Omaha, Neb and First Trust Co. of Lincoln, Lincoln, Neb. **Offering**—Expected in late January.

Toledo Plaza Investment Trust
Dec. 8, 1960, filed 209 Beneficial Trust Certificates in The Toledo Plaza Investment Trust. **Price**—$2,500 each. **Business** — The company will purchase an apartment project of not less than 242 units on 10 acre site in Prince Georges County, Md. **Proceeds**—To purchase the above-mentioned apartment project. **Office**—2215 Washington Ave., Silver Spring, Md. **Underwriter**—Hodgdon & Co., Inc., Washington, D. C. **Offering**—Expected some time in March.

★ Tool Crib Rental & Investment Co., Inc.
Dec. 29, 1960 (letter of notification) 100,000 shares of common stock (no par) and 14,000 shares of 6% cumulative preferred stock (no par). **Price**—For common, $1 per share; for preferred, $5 per share. **Proceeds**—For working capital and expansion. **Office**—4797 First Avenue, S., Seattle, Wash. **Underwriter**—None.

● Town Photolab, Inc. (1/30-2/3)
Nov. 30, 1960 filed 150,000 shares of common stock. **Price**—$4 per share. **Business** — The processing and sale of photographic film, supplies and equipment. **Proceeds**—For general business expenses. **Office** — 2240 Jerome Avenue, New York City. **Underwriter**—Michael G. Kletz & Co., New York City.

Trans-Air System, Inc. (1/20)
Dec. 6, 1960 (letter of notification) 90,000 shares of common stock (par 10 cents). **Price**—$2.50 per share. **Business**—International air freight forwarding. **Proceeds**—For expansion purposes. **Office**—51 Hudson Street, New York, N. Y. **Underwriter**—Flomenhaft, Seidler & Co., Inc., New York, N. Y.

● Underwater Storage, Inc. (1/30-2/3)
Nov. 8, 1960 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For working capital. **Office**—1028 Connecticut Ave., N. W., Washington, D. C. **Underwriter**—Searight, Ahalt & O'Connor, Inc., New York, N. Y.

● United Automotive Industries, Inc.
Nov. 28, 1960 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—To retire outstanding indebtedness and for working capital. **Office**—2136 S. Garfield Ave., Los Angeles, Calif. **Underwriter** — Pacific Coast Securities Co., San Francisco, Calif. **Offering**—Imminent.

United Boatbuilders, Inc. (3/1-8)
Jan. 3, 1961, filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—Makes and sells fiberglas boats. **Proceeds**—To be added to working capital. **Office**—9th and Harris, Bellingham, Wash. **Underwriters**—Birr & Co., Inc., San Francisco and Marron, Sloss & Co., Inc., New York City.

● United Financial Corp. of California (1/26)
Dec. 14, 1960 filed 600,000 shares of common stock, of which 50,000 shares will be offered by the company, and 550,000 outstanding shares by the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes and to the selling stockholders. **Business**—Holding company for two savings and loan associations. Also operate an insurance agency for fire, casualty, and other related real estate coverage. **Office**—439 South La Brea Ave., Inglewood, Calif. **Underwriter** — Lehman Brothers, New York (managing).

● United International Fund Ltd.
Oct. 20, 1960 filed 1,000,000 shares of common stock (par one Bermuda pound). **Price**—$12.50 per share. **Business**—This is a new open-end mutual fund. **Proceeds**—For investment. **Office**—Bank of Bermuda Bldg., Hamilton, Bermuda. **Underwriters**—Kidder, Peabody & Co., Bache & Co. and Francis I. du Pont & Co., all of New York City (managing). **Offering**—Expected in early February.

U. S. Mfg. & Galvanizing Corp.
Jan. 3, 1961 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — To reduce current liabilities, sales promotion, purchase inventory, and for working capital. **Office**—5165 E. 11th Avenue, Hialeah, Fla. **Underwriter**—Armstrong Corp., 40 Exchange Place, New York, N. Y.

United Pacific Aluminum Corp.
Aug. 24, 1960 filed $7,750,000 of convertible subordinated debentures, due 1975. **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, the proceeds will be used to pay for the erection of a primary aluminum reduction facility. **Office** — Los Angeles, Calif. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill. (managing). **Offering**—Expected in January.

United Telecontrol Electronics, Inc.
Dec. 8, 1960 (letter of notification) 60,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Business**—Manufacturing components designed for use in connection with telephone and telegraph communication equipment on a prime contract basis. **Proceeds** — For general corporate purposes, including working capital. **Office**—Monmouth County Airport, Wall Township, N. J. **Underwriter** — Richard Bruce & Co., Inc., New York, New York.

● Universal Electronics Laboratories Corp. (1/23-27)
Oct. 28, 1960 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price** — $4 per share. **Business**—The manufacture, sale and installation of equipment used by schools and colleges in the instruction of modern foreign languages (language laboratories). **Proceeds** — For general corporate purposes. **Address** — 510 Hudson St., Hacskensack, N. J. **Underwriter**—Underhill Securities Corp., 19 Rector Street, New York, N. Y.

Urban Development Corp.
Aug. 30, 1960 filed 300,000 shares of common stock (no par). **Price**—$10 per share. **Proceeds**—For general corporate purposes, including debt reduction. **Office**—Memphis, Tenn. **Underwriter** — Union Securities Investment Co., Memphis, Tenn.

● Vacuum-Electronics Corp. (1/25)
Dec. 16, 1960, filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—The design, production and sale of high vacuum systems and related leak detector systems. **Proceeds**—To retire outstanding loans and for working capital. **Office**—Plainview, L. I., N. Y. **Underwriter**—Lehman Brothers, New York (managing).

● Valdale Co., Inc.
July 27, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — To pay accounts payable, reduce a bank loan, advertising and for working capital. **Office**—Red Lion, Pa. **Underwriter**—B. N. Rubin & Co. of New York City has withdrawn as underwriter.

● Vector Industries, Inc. (2/20-24)
Aug. 29, 1960 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—To pay in full the remainder of such subscription to capital stock of International Data Systems, Inc. and to retire outstanding notes. **Office**—2321 Forest Lane, Garland, Tex. **Underwriter**—Plymouth Securities Corp., New York City.

Vim Laboratories, Co., Inc.
Oct. 26, 1960 (letter of notification) 90,000 shares of class A common stock (par $1). **Price**—$2.75 per share. **Proceeds**—To provide funds for further expansion of the company's operations. **Office**—5455 Randolph Rd., Rockville, Md. **Underwriter**—First Investment Planning Co., Washington, D. C.

★ Visual Dynamics Corp.
Jan. 12, 1961 (letter of notification) 100,000 shares of common stock (par five cents). **Price**—$3 per share. **Business**—Manufacturers of an audio-visual device for educational and entertainment purposes. **Proceeds**—For general corporate purposes. **Office**—42 S. 15th Street, Suite 204, Philadelphia, Pa. **Underwriter**—District Securities, 2520 L Street, N. W., Washington, D. C.

★ West Texas Utilities Co. (2/15)
Jan. 16, 1961 this subsidiary of Central and South West Corp., filed $8,000,000 of first mortgage bonds, series F, due Feb. 1, 1991. **Proceeds**—To repay bank loans and for expansion. **Office** — 1062 North Third Street, Abilene, Texas. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Equitable Securities Corp.; Blyth & Co.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; White, Weld & Co., and Shields & Co. (jointly). **Bids**—Expected to be received on or about Feb. 15.

Western Factors, Inc.
June 29, 1960, filed 700,000 shares of common stock. **Price**—$1.50 per share. **Proceeds**—To be used principally for the purchase of additional accounts receivable and also may be used to liquidate current and long-term liabilities. **Office** — 1201 Continental Bank Bldg., Salt Lake City, Utah. **Business**—Factoring. **Underwriter**—Elmer K. Aagaard, Newhouse Bldg., Salt Lake City, Utah.

● Westminster Fund, Inc.
Oct. 14, 1960 filed 4,000,000 shares of capital stock. **Business**—This is a new mutual fund, and its intention is to offer holders of at least $25,000 worth of acceptable securities the opportunity of exchanging each $12.50 worth of such securities for one share in the Fund, which will receive a maximum commission of 4%. **Office**—Westminster at Parker, Elizabeth, N. J. **Investment Advisor**—Investors Management Co. **Dealer - Manager**—Kidder, Peabody & Co., New York City. **Offering**—Expected in early 1961.

Westmore, Inc. (2/1)
Dec. 1, 1960 (letter of notification) 150,000 shares of common stock (par 40 cents). **Price**—$2 per share. **Business**—Inventing, developing, producing and marketing of electronic test equipment. **Proceeds**—For production, research and development; for repayment of loans and for working capital. **Office**—Fanwood, N. J. **Underwriter**—Vincent, James & Co., Inc., 37 Wall St., New York, N. Y.

● Whippany Paper Board Co., Inc. (2/20-24)
Dec. 28, 1960 filed 250,000 shares of common stock (par 10c). **Price**—To be supplied by amendment. **Business**—The manufacture and sale of container liner board, corrugated board, chip board and box board. **Proceeds**—For plant conversion and working capital. **Office**—10 North Jefferson Road, Whippany, N. J. **Underwriter**—Val Alstyne, Noel & Co., New York City (managing).

● Willer Color Television System, Inc.
Jan. 29, 1960 (letter of notification) 80,890 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office** — 151 Odell Avenue, Yonkers, N. Y. **Underwriter**—Equity Securities Co., 39 Broadway, New York City. **Offering**—Expected in mid-February.

Wilson (Lee) Engineering Co., Inc.
Dec. 30, 1960 filed 67,500 outstanding shares of common stock. **Price**—To be supplied by amendment. **Business**—The company produces equipment for treating flat rolled steel and wire in a variety of ways, including chemical change through gas alloying and physical change through thermal treating. **Proceeds**—For the selling stockholder. **Underwriter**—Prescott, Shepard & Co., Inc., Cleveland.

Wings & Wheels Express, Inc.
Dec. 9, 1960 filed 85,000 shares of common stock. **Price**—$3 per share. **Business**—Engaged in freight forwarding by air and terminal handling service at Chicago. **Proceeds**—For expansion, working capital, the financing of accounts receivable, and general corporate purposes. **Office**—Astoria Blvd., and 110th St., Flushing, L. I., N. Y. **Underwriters**—Globus, Inc. and Ross, Lyon & Co., Inc., both of New York City.

● Wollard Aircraft Service Equipment, Inc.
Dec. 14, 1960 filed 135,000 shares of common stock. **Price**—$4 per share. **Business**—The manufacture and sale of equipment used to service commercial and military aircraft. **Proceeds**—For a new plant and equipment, for moving expenses and the balance for working capital. **Office**—2963 N. W. 79th St., Miami, Fla. **Underwriter**—Amos Treat & Co., Inc., New York City (managing). **Offering**—Expected in late February.

● Wometco Enterprises, Inc. (2/27-3/3)
Dec. 30, 1960 filed 100,000 shares of stock, consisting of 18,591 outstanding shares of class A common stock; 19,155 outstanding shares each of class B, series B, C and D common; and 23,944 outstanding shares of class B, series E common. **Proceeds** — For the selling stockholders. **Business**—Owns and operates television station WTVJ, Miami, Fla. and station WLOS-TV with its affiliates WLOS-AM and FM, Asheville, N. C. The company also owns and operates television station WFGA, Jacksonville, Fla., and it recently signed a contract for the acquisition of station KVOS-TV, Bellingham, Wash. It also operates a chain of 23 motion picture theatres, sells soft drinks and related items, owns a franchise to bottle and sell Pepsi-Cola in the Bahamas and holds a 91% interest in the Seaquarium at Miami, Fla. **Office**—306 North Miami Avenue, Miami, Fla. **Underwriters** — Lee Higginson Corp., New York and A. C. Allyn & Co., Inc., Chicago.

WonderBowl, Inc.
April 14 filed 3,401,351 shares of common stock (par $2). **Price**—$2 per share. **Proceeds**—For purchase of certain property, for constructing a motel on said property and various leasehold improvements on the property. **Office**—7805 Sunset Boulevard, Los Angeles, Calif. **Underwriter**—Standard Securities Corp., same address.

★ Wyle Laboratories
Jan. 17, 1961 filed 110,000 shares of common stock, of which 100,000 shares will be offered for the account of the issuing company and 10,000 shares, representing outstanding stock, will be offered for the account of a selling stockholder. **Price** — To be supplied by amendment. **Business** — This firm, which up to now has been privately held, believes it is the largest independent laboratory in America providing testing services for the missle-space-aircraft industry. **Proceeds** — For expansion, with the balance for working capital. **Office**—El Segundo, Calif. **Underwriters** — Kidder, Peabody & Co., New York City, and Mitchum, Jones & Templeton, Los Angeles (managing).

Yuscaran Mining Co.
May 6, 1960 filed 1,000,000 shares of com. stock. **Price**—$1 per share. **Proceeds**—It is expected that some $100,000 will be used to purchase and install a mill for the processing of ore; $60,000 for rails, ties, rail cars and related equipment; $10,000 for rebuilding roads; $30,000 for transportation equipment; and $655,000 for working capital. **Office**—6815 Tordera St., Coral Gables, Fla. **Underwriter**—None. **Note**—The SEC has challenged the accuracy and adequacy of this statement. On Jan. 5, 1961, the company reported that it is negotiating a merger with another company and that financing plans have been indefinitely postponed.

Zurn Industries, Inc.
Sept. 26, 1960 filed 200,000 shares of common stock ($1 par), of which 100,000 shares are to be offered for the account of the issuing company and 100,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business** — The manufacture of mechanical power transmission equipment, fluid control devices, building plumbing drainage products and research and development of a synchro-gear assembly for atomic submarines. **Proceeds**—For new equipment, the repayment of loans, and working capital. **Office**—Erie, Pa. **Underwriter**—Lee Higginson Corp., New York City (managing). **Offering**—Postponed.

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Prospective Offerings

● Advance Industries Corp.
Dec. 5, 1960 it was reported that a "Reg. A" filing covering 100,000 shares of the company's 10 cent par common stock is expected in late January. **Price** — $3 per share. **Business**—Manufacturer of furniture. **Proceeds**—For equipment and general corporate purposes. **Office**—Washington, D. C. **Underwriter**—Allen, McFarland & Co., Washington, D. C.

Alabama Power Co. (3/23)
Jan. 3, 1961 it was reported that this subsidiary of the Southern Co., plans to sell $13,000,000 of 30-year first mortgage bonds and $8,000,000 of preferred stock (par $100). **Proceeds**—For expansion. **Office**—600 North 18th St., Birmingham 2, Ala. **Underwriters**—To be determined by competitive bidding. Previous bidders on bonds included Blyth & Co., Inc., and Kidder, Peabody & Co. (jointly); Morgan Stanley & Co.; First Boston Corp.; Eastman Dillon, Union Securities & Co., Equitable Securities Corp. and Drexel & Co. (jointly); Lehman Brothers; Halsey, Stuart & Co. Inc. **Registration**—Expected about Feb. 13. **Bids**—Expected at 11 a.m. (EST) on March 23.

Alberta Gas Trunk Line Co., Ltd.
Sept. 1, 1960 A. G. Bailey, President, announced that new financing of approximately $65,000,000 mostly in the form of first mortgage bonds, is expected early in 1961. **Office**—502-2nd St., S. W., Calgary, Alberta, Canada.

American Investment Co.
Nov. 3, 1960, Donald L. Barnes, Jr., executive vice-president, announced that debt financing is expected in early 1961 in the form of about $6,000,000 of capital notes and $4,000,000 to $6,000,000 of subordinated notes. **Office**—St. Louis, Mo.

● American Playlands Corp.
Dec. 21, 1960 it was reported that this company plans to refile in February a registration statement covering 300,000 shares of common stock. This will be a full filing. **Business**—The company intends to operate an amusement and recreation park on 196 acres of land near Liberty, N. Y. **Proceeds**—For development of the land. **Office**—55 South Main St., Liberty, N. Y. **Underwriter**—M. W. Janis & Co., Inc., New York City.

American Telephone & Telegraph Co. (2/23)
Dec. 21, 1960, the company announced that it plans an offering of additional shares to its stockholders on the basis of one new share for each 20 shares held of record Feb. 23. Based on the estimated 223,400,000 common shares outstanding on Dec. 31, 1960, this would amount to about 11,170,000 additional shares. **Price** — To be somewhat below the market price of the outstanding stock at the time of offering. **Proceeds**—For expansion. **Office**—195 Broadway, New York 7, N. Y. **Underwriter**—None.

Approved Finance Inc.
Nov. 11, 1960 it was reported by Paul O. Sebastian, Vice-President-Treasurer, that the company is considering a rights offering to stockholders of additional common stock via a Regulation "A" filing, possibly to occur in mid-1961. **Office**—39 E. Chestnut St., Columbus, Ohio **Underwriter**—Vercoe & Co., Columbus, Ohio.

Arkansas Power & Light Co.
Sept. 20, 1960 it was announced that this subsidiary of Middle South Utilities plans the issuance of approximately $12,000,000 of 30-year first mortgage bonds, some time in March. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly); Blyth & Co. and Dean Witter & Co. (jointly); Lehman Brthers, Stone & Webster Securities Corp. and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.

Atlantic Transistor Corp.
Sept. 12, 1960 the company reported that it is contemplating filing its first public offering, consisting of a letter of notification covering an undetermined number of shares of its $1 par common stock. **Business** — The company makes and sells a "water - tight, unbreakable" marine radio known as the "Marlin 200." **Proceeds**—For the development of the "Marlin 300," which is to be a similarly constructed radio with a ship-to-shore band. **Office**—63-65 Mt. Pleasant Ave., Newark, N. J. **Underwriter**—Mr. Roth, Comptroller, states that he is actively seeking an underwriter to handle the offering. **Note**—The issuing company is a wholly-owned subsidiary of Auto-Temp Inc.

● Automation Development, Inc.
Jan. 18, 1961 it was reported that a "Reg. A" filing, comprising this firm's first public offering of 40,000 common shares (par 5 cents) is expected shortly. **Price**—$3.75 per share. **Note**—This firm was formerly carried in this column under the heading "Automation for Industry Inc." **Proceeds**—For further development of the "Skyjector." **Office**—342 Madison Ave., New York City. **Underwriter**—First Philadelphia Corp., New York City. **Registration**—Imminent. **Offering** — Expected in late February.

● Automation Laboratories, Inc.
Jan. 18, 1961 it was reported that a "Reg. A" filing covering 66,700 common shares (par 10 cents) is expected shortly. **Price**—$4 per share. **Business**—The company is engaged in the research and development of infra-red devices used for the alignment of ballistic missiles and space vehicles and for automatic positioning of machinery operations and for geodetic surveys. **Offices**—80 Urban Ave., Westbury, and 179 Liberty Ave., Mineola, N. Y. **Underwriter**—Sandkuhl and Co., Newark, N. J., and New York City. **Registration**—Imminent. **Offering**—Expected in late February.

Baltimore Gas & Electric Co.
Oct. 3, 1960 it was reported that the utility expects to sell about $20,000,000 of additional securities, possibly bonds or preferred stock, sometime during the first half of 1961. **Office**—Lexington Building, Baltimore, Md. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and First Boston Corp. (jointly); Harriman Ripley & Co., Inc. and Alex. Brown & Sons (jointly).

Bo-Craft Enterprises Inc.
Nov. 18, 1960 it was reported that a letter of notification consisting of 100,000 shares of 10 cent par common stock will be filed for this company. **Price**—$3 per share. **Business**—The company is engaged in the manufacture of parts for zippers. **Proceeds**—For expansion and general corporate purposes. **Office**—11-54 44th Drive, Long Island City, N. Y. **Underwriter**—Harwyn Securities, 1457 Broadway, New York City.

● Brooklyn Union Gas Co.
Jan. 12, 1961 G. C. Griswold, Vice-President and Treasurer stated that company has not made definite financing plans but is considering an issue of $25,000,000 to $30,000,000 of mortgage bonds in late 1961. **Office**—176 Remsen St., Brooklyn 1, N. Y.

California Asbestos Corp.
Sept. 28, 1960 it was reported that discussion is under way concerning an offering of about $300,000 of common stock. It has not yet been determined whether this will be a full filing or a "Reg. A." **Business**—The company, which is not as yet in operation but which has pilot plants, will mine and mill asbestos. **Proceeds**—To set up actual operations. **Address**—The company is near Fresno, Calif. **Underwriter**—R. E. Bernhard & Co., Beverly Hills, Calif. **Registration**—Indefinite.

● California Electric Power Co.
Jan. 18, 1961 it was reported that this company's plans to offer $8,000,000 of bonds will be governed more by the conditions of the money market than by the company's early need for long-term financing. With its 1961 construction program tentatively scheduled at $20,000,000, the company can wait at least until fall before it needs financing. **Proceeds** — For construction. **Office**—2885 Foothill Boulevard, San Bernardino, Calif. **Underwriters**—To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co.; Halsey, Stuart & Co. Inc.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.

● California Oregon Power Co.
Oct. 18, 1960 it was reported that the company expects to come to market in Oct. 1961 to raise about $12,000,000 in the form of approximately $7,000,000 of bonds and $5,000,000 common stock. **Proceeds**—For the repayment of bank loans. **Office**—216 W. Main St., Medford, Oreg.

● Carbonic Equipment Corp.
Dec. 8, 1960 it was reported that a full filing of about $300,000 of units, consisting of common stock, bonds and warrants will be made. **Proceeds**—For expansion of the business. **Office**—97-02 Jamaica Ave., Woodhaven, N. Y. **Underwriter**—R. F. Dowd & Co., Inc. **Registration**—Expected in late January.

★ Charles Of The Ritz
Jan. 18, 1961 it was reported that this company plans a public offering of common stock. **Business**—Operates a chain of beauty salons. **Office**—11 E. 58th Street, New York City. **Underwriter**—While, Weld & Co., New York City (managing). **Registration**—Expected in early March.

● Casavan Industries
Sept. 21, 1960 it was reported by Mr. Casavena, President, that registration is expected of approximately $11,750,000 of common stock and $10,000,000 of debentures. **Business** — The company makes polystyrene and polyurethane for insulation and processes marble for construction. **Proceeds**—For expansion to meet $10,000,000 backlog. **Office**—250 Vreeland Ave., Paterson. N. J. **Underwriter**—To be named. **Registration**—Expected in late January.

Chesapeake & Potomac Telephone Co. (2/15)
Dec. 1, 1960 it was reported that this A. T. & T. subsidiary plans to sell $20,000,000 of bonds. **Office**—Washington, D. C. **Underwriter**—To be determined by competitive bidding. Probable bidders: First Boston Corp. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; White, Weld & Co. **Bids**—Expected to be received on Feb. 15. **Information Meeting**—Scheduled for Feb. 9 at 2:30 p.m. (EST) in Room 1900, 195 Broadway, New York City.

Colorado Interstate Gas Co.
Oct. 17, 1960 it was reported by Mr. A. N. Porter of the company's treasury department that the company is awaiting a hearing before the full FPC with reference to approval of its application for expansion of its system, which will require about $70,000,000 of debt financing which is expected in the latter part of 1961. **Proceeds**—For expansion. **Office**—P. O. Box 1087, Colorado Springs, Colo.

Columbia Gas System, Inc.
Jan. 10, 1961 it was reported that this company plans to sell about $85,000,000 of debentures or bonds in 1961 or 1962. **Office**—120 East 41st Street, New York 17, N. Y. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Merrill Lynch, Pierce, Fenner & Smith, Inc., and White, Weld & Co. (jointly).

Columbus & Southern Ohio Electric Co.
Sept. 22, 1960 it was reported the company will sell about $10,000,000 additional common stock sometime in 1961. **Proceeds**—For expansion purposes. **Office**—215 N. Front St., Columbus 15, Ohio. **Underwriter**—Dillon, Read & Co.

Commonwealth Edison Co.
Jan. 10, 1961 it was reported that this company plans to sell $30,000,000 of bonds in the second quarter of 1961. **Office**—72 W. Adams Street, Chicago, Ill. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Kidder, Peabody & Co.; White, Weld & Co.; Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith, Inc.

Community Public Service Co.
Jan. 10, 1961 it was reported that this company plans to sell $5,000,000 of debentures in the second quarter of 1961. **Office**—408 W. 7th Street, Fort Worth 2, Texas. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Paine, Webber, Jackson & Curtis; First Southwest Co.; Kidder, Peabody & Co. and White, Weld & Co. (jointly).

★ Consolidated Edison Co. of New York, Inc.
Jan. 17, 1961 it was reported that this company plans to spend $305,000,000 in 1961 for expansion of which about $200,000,000 will come from outside sources, probably from the sale of bonds. **Office**—4 Irving Place, New York City. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Morgan Stanley & Co.

● Continental Bank of Cleveland
Jan. 4, 1961 it was reported that this bank plans to offer publicly 16,000 common shares (par $10). **Price**—$26.50 per share. **Proceeds**—To increase capital. **Office**—2029 E. 14th St., Cleveland 15, Ohio. **Underwriters** — Joseph, Mellen & Miller, Inc., and Ball, Burge & Kraus, Cleveland (managing). **Offering**—Expected in late January.

Dakota Reinsurance Corp.
Nov. 28, 1960 it was reported by Walter H. Johnson, President, that the company plans its first public offering of an as yet undetermined amount of its $1 par common stock. **Business**—The company will enter the field of reinsurance on a multiple line basis. **Office** — P. O. Box 669, Yankton South Dakota. **Underwriter**—Mr. Johnson states that the company is actively seeking an underwriter.

Dallas Power & Light Co.
Sept. 14, 1960 it was stated by the company's president that there may possibly be some new financing during 1961, with no indication as to type and amount. **Office**—1506 Commerce Street, Dallas, Texas. **Underwriter**—To be determined by competitive bidding. Probable bidders: To be named.

Delaware Power & Light Co.
Dec. 23, 1960, Frank P. Hyer, Chairman, stated that this company may issue additional common stock in the summer of 1961 The offering would be made to common stockholders first on the basis of one share for each 10 shares held. Based on the number of shares outstanding on Sept. 30, 1960, the sale would involve about 418,536 shares valued at about $14,600,000. The last offering of common to stockholders in June, 1956, consisted of 232,520 shares offered at $35 a share to holders of record June 6, on the basis of one share for each eight shares held. **Proceeds**—For construction. **Office**—600 Market Street, Wilmington, Del. **Underwriter**—To be determined by competitive bidding. Probable bidders: Carl M. Loeb, Rhoades & Co., New York; W. C. Langley & Co., and Union Securities Co. (jointly); Lehman Brothers; First Boston Corp.; White, Weld & Co., and Shields & Co. (jointly); Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly).

Diversified Automated Sales Corp.
Nov. 16, 1960 it was reported by Frazier N. James, President, that a "substantial" issue of common stock, constituting the firm's first public offering, is under discussion. **Business** — The company makes a film and flashbulb vending machine called DASCO, which will sell as many as 18 products of various sizes and prices, and will also accept exposed film for processing. **Office**—223 8th Ave., South, Nashville, Tenn. **Underwriter**—Negotiations are in progress with several major underwriters.

Dynacolor Corp.
Aug. 22, 1960 it was reported that new financing will take place but there is no indication as yet as to type, timing and amount. **Office**—1999 Mt. Read Blvd., Rochester, N. Y. **Underwriter**—The company's initial financing was handled by Lee Higginson Corp., New York City.

Dynamic Center Engineering Co., Inc.
Oct. 3, 1960 it was reported that the company plans a full filing of its $1 par common stock. **Proceeds**—To promote the sale of new products, purchase new equipment, and for working capital. **Office** — Norcross, Ga. **Underwriter**—To be named.

Dynamic Instrument Corp.
Dec. 27, 1960, this company reported that a full filing of 150,000 shares of common stock (par 10 cents) will be made. **Price**—$2 per share. **Business**—Makes magnetic brakes and clutches. **Proceeds** — For additional working capital; for research and development of new products and for the retirement of debts. **Office**—59 New York Avenue, Westbury, N. Y. **Underwriter**—T. W. Lewis & Co., Inc., 61 Broadway, New York City. **Registration**—Expected in mid-January.

Elk Roofing Co.
Jan. 6, 1961 it was reported that this company plans a full filing of 135,000 shares of common stock. **Proceeds**—To reduce long-term debt. **Office** — Stephens, Ark. **Underwriter**—S. D. Fuller & Co. **Registration**—Expected in mid-to-late January.

Exploit Films Inc.
Oct. 28, 1960 it was reported that the company will file a letter of notification consisting of 150,000 shares of common stock at $2 per share. **Proceeds**—For the production of TV and motion picture films, the reduction of indebtedness, and for working capital. **Office**—619 W. 54th St., New York City. **Underwriter**—McClane & Co., Inc., 26 Broadway, New York City. **Registration**—Expected in January.

First Continental Real Estate Trust
Jan. 6, 1961 it was reported that this company plans to file, at some future date, an SEC registration statement covering 1,500,000 trust shares to be offered for public sale. **Business**—General real estate. **Proceeds**—For general corporate purposes. **Office**—105 West Adams Street, Chicago 3, Ill.

First National Bank of Atlanta
Jan. 4, 1961 it was reported that stockholders have approved payment of a 10% stock dividend and sale of 150,000 additional common shares (par $10) being offered to stockholders at $35 per share on the basis of three new shares for each 20 shares held of record Dec. 30 with rights to expire Jan. 20, 1961. **Proceeds**—To increase capital. **Office**—Atlanta, Ga. **Underwriters**—Courts & Co., and Robinson-Humphrey Co., Atlanta, Ga., and Merrill Lynch, Pierce, Fenner & Smith Inc., New York City (managing).

Florida Power & Light Co.
Oct. 24, 1960 it was reported that an undetermined amount of bonds may be offered in the Spring of 1961. **Office**—25 S. E. 2nd Ave., Miami, Fla. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc. and Kidder, Peabody & Co. (jointly); Halsey, Stuart & Co Inc.; White, Weld & Co.; First Boston Corp.; Blyth & Co., Inc.

Ford Motor Credit Co.
Oct. 17, 1960 it was reported that this company is developing plans for borrowing operations, which may include the issuance of debt securities, and possibly occur in the first quarter of 1961. **Office**—Detroit, Mich.

General Resistance, Inc.
Sept. 19, 1960 it was reported that the company will file a letter of notification, comprising its first public offering. **Office**—577 East 156th Street, Bronx, N. Y.

Georgia Bonded Fibers, Inc.
Sept. 14, 1960 it was reported that registration of 150,000 shares of common stock is expected. **Offices**—Newark, N. J., and Buena Vista, Va. **Underwriter**—Sandkuhl and Company, Newark, N. J., and New York City. **Registration**—Expected in late February or early March.

Georgia Power Co. (10/18)
Dec. 29, 1960 this subsidiary of the Southern Co., applied to the Georgia Public Service Commission for permission to issue $15,500,000 of 30-year first mortgage bonds, and $8,000,000 of new preferred stock. **Proceeds**—For construction, plant modernization or refunding of outstanding debt. **Office**—Electric Bldg., Atlanta 3, Ga. **Underwriters** — To be determined by competitive bidding. Previous bidders for bonds included Harriman Ripley & Co., Inc.; Lehman Brothers; Blyth & Co., Inc., Kidder, Peabody & Co., and Shields & Co. (jointly); First Boston Corp.; Morgan Stanley & Co.; Halsey, Stuart & Co. Inc.; Equitable Securities Corp., Eastman Dillon, Union Securities & Co. (jointly). Previous bidders for preferred were First Boston Corp., Lehman Brothers, Morgan Stanley & Co.; Eastman Dillon, Union Securities & Co.; and Equitable Securities Corp. **Bids**—Expected to be received on Oct. 18.

Geriatrics Pharamaceutical Corp.
Jan. 11, 1961 it was reported that this firm is planning a letter of notification covering 50,000 shares of 10¢ par common stock. **Proceeds**—For general corporate purposes, including the hiring of additional detail men. **Office**—45 Commonwealth Boulevard, Bellerose, L. I., N. Y. **Underwriter**—T. M. Kirsch & Co., 52 Wall Street, New York City. **Registration**—Expected in late January.

Goshen Farms Inc.
Oct. 5, 1960 it was reported that 100,000 shares of the company's common stock will be filed. **Proceeds**—For breeding trotting horses. **Office**—Goshen, N. Y. **Underwriter**—R. F. Dowd & Co. Inc. **Registration**—Expected in late January.

★ **Great Northern Ry. (2/28)**
Jan. 17, 1961 it was reported that this company plans to sell $5,400,000 of 1-15 year equipment trust certificates. **Office**—39 Broadway, New York City. **Underwriter**—To be determined by competitive bidding. Probable bidders: Salomon Bros. & Hutzler and Halsey, Stuart & Co. Inc., both of New York City. **Bids**—To be received on Feb. 28 at noon (EST).

Gulf Power Co. (12/7)
Jan. 4, 1960 it was reported that this subsidiary of The Southern Co., plans to sell $5,000,000 of 30-year bonds. **Office**—75 North Pace Blvd., Pensacola, Fla. **Underwriter**—To be determined by competitive bidding. Previous bidders included Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Salomon Bros. & Hutzler and Drexel & Co. (jointly); Equitable Securities Corp.; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received on Dec. 7, 1961.

Houston Lighting & Power Co.
Oct. 17, 1960 Mr. T. H. Wharton, President, stated that between $25-$35 million dollars is expected to be raised publicly sometime in 1961, probably in the form of preferred and debt securities, with the precise timing depending on market conditions. **Proceeds**—For construction and repayment of bank loans. **Office** — Electric Building, Houston, Texas. **Underwriter** — Previous financing was headed by Lehman Brothers, Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler.

Idaho Power Co.
Jan. 10, 1961 it was reported that this company plans to sell $10,000,000 of bonds and about $5,000,000 of common in the third quarter of 1961. **Proceeds**—To repay loans and for construction. **Underwriters**—To be determined by competitive bidding. Probable bidders on the bonds: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Lazard Freres & Co., and First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Kidder, Peabody & Co., and White, Weld & Co. (jointly); Salomon Bros. & Hutzler, and Eastman Dillon, Union Securities & Co. (jointly); Equitable Securities Corp. Probable bidders on the common: Blyth & Co., Inc.; Lazard Freres & Co.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith, Inc.

★ **Illinois Terminal RR.**
Jan. 16, 1961 it was reported that this company plans the sale later this year of about $8,500,000 of first mortgage bonds. **Office**—710 North Twelfth Blvd., St. Louis, Mo. **Underwriter**—Halsey, Stuart & Co. Inc., Chicago.

Indianapolis Power & Light Co.
According to a prospectus filed with the SEC on Aug. 25, the company plans the sale of about $14,000,000 of additional securities in 1963. **Office** — 25 Monument Circle, Indianapolis, Ind.

Industrial Gauge & Instrument Co.
Oct. 5, 1960 it was reported that 100,000 shares of common stock will be filed. **Proceeds** — Expansion of the business, and for the manufacture of a new product by a subsidiary. **Office**—1947 Broadway, Bronx, N. Y. **Underwriter**—R. F. Dowd & Co. Inc. **Registration**—Expected in late January.

★ **Interstate Power Co.**
Jan. 10, 1961 it was reported that this company plans to sell $8,000,000 of bonds in 1961 or 1962. **Office** — 1000 Main Street, Dubuque, Iowa. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith, Inc.; Kidder, Peabody & Co.; White, Weld & Co.; Salomon Bros. & Hutzler.

Iowa-Illinois Gas & Electric Co.
Oct. 24, 1960 it was reported by the company treasurer, Mr. Donald Shaw that the utility expects to come to market, perhaps in mid-1961, to sell long-term securities in the form of bonds and possibly preferred stock, with the amount and timing to depend on market conditions. The 1961 construction program is estimated at $17 million of which $10-$11 million will have to be raised externally. **Office**—206 E. 2nd St., Davenport, Iowa.

Japan Telephone & Telegraph Corp.
Oct. 27, 1960 it was announced that this government-owned business plans a $20,000,000 bond issue in the United States. **Proceeds**—For expansion. **Underwriters**—Dillon, Read & Co., First Boston Corp., and Kidder, Peabody & Co. **Offering**—Expected in the Spring of 1961.

Kentucky & Indiana Terminal RR. (2/1)
Jan. 10, 1961 it was reported that the company plans to sell $6,800,000 principal amount of first mortgage bonds due March 1, 1986. **Proceeds**—To repay advances received from the Baltimore & Ohio RR. and the Southern Ry. Co. **Office**—70 Pine Street, New York 5, N. Y. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Eastman Dillon, Union Securities & Co.; Kidder, Peabody & Co.; R. W. Pressprich & Co.; First Boston Corp. **Bids**—To be received in Room 2018, 70 Pine Street, New York City on Feb. 1 at 12 noon EST.

• **L'Aiglon Apparel, Inc.**
Dec. 2, 1960, it was reported that company plans to file a registration statement with the SEC in January covering about 60,000 shares of common stock. **Business**—The manufacture of ladies' dresses. **Office**—15th and Mt. Vernon Sts., Philadelphia, Pa. **Underwriters**—Alex. Brown & Sons, Baltimore and Kidder, Peabody & Co., New York (jointly). **Note**—This proposed offering has been cancelled.

Laclede Gas Co.
Nov. 15, 1960 Mr. L. A. Horton, Treasurer, reported that the utility will need to raise $33,000,000 externally for its 1961-65 construction program, but the current feeling is that it will not be necessary to turn to long-term securities until May 1962. **Office** — 1017 Olive St., St. Louis, Mo.

Long Island Lighting Co.
Nov. 11, 1960 it was reported by Fred C. Eggerstedt, Jr., Assistant Vice-President, that the utility contemplates the issuance of $25,000,000 to $30,000,000 of first mortgage bonds in the second or third quarter of 1961. **Office**—250 Old Country Road, Mineola, N. Y.

Macrose Lumber & Trim Co., Inc.
Dec. 20, 1960, it was reported that this company plans a public offering of about 500,000 common shares (par $1) in early 1961. **Office**—2060 Jericho Turnpike, New Hyde Park, L. I., N. Y.

Masters Inc.
Jan. 6, 1961 it was reported that this corporation is contemplating its first public financing. **Business**—The operation of a chain of discount houses. **Office**—135-21 38th Avenue, Flushing 54, L. I., N. Y.

Martin Paints & Wallpapers
Aug. 29, 1960 it was announced that registration is expected of the company's first public offering, which is expected to consist of about $650,000 of convertible debentures and about $100,000 of common stock. **Proceeds**—For expansion, including a new warehouse and additional stores. **Office**—153-22 Jamaica Ave., Jamaica, L. I., N. Y. **Underwriter** — Hill, Thompson & Co., Inc., New York City N. Y.

McCulloch Corp.
Jan. 9, 1961 it was reported that this corporation will schedule its initial public financing for late 1961 or some time in 1962. **Business**—The corporation manufactures Scott outboard motors and McCulloch chain saws. **Office**—6101 West Century Boulevard, Los Angeles 45, Calif.

• **Michigan Consolidated Gas Co.**
Jan. 11, 1961 it was reported that this company plans to sell about $30,000,000 of bonds in 1961. **Proceeds**—Proceeds from expected bond issue will be used to repay notes and for construction. **Office** — 415 Clifford St., Detroit 26, Mich. **Underwriters** — To be determined by competitive bidding. Probable bidders: White, Weld & Co.; Lehman Brothers; and Halsey, Stuart & Co. Inc.

• **Michigan Wisconsin Pipe Line Co.**
Jan. 10, 1961 it was reported that this subsidiary of American Natural Gas Co., plans to sell about $30,000,000 of bonds in 1961. **Proceeds** — For construction. **Office**—500 Griswold Street, Detroit 26, Mich. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Blyth & Co., Inc.

Midland Enterprises Inc.
April 8 it was stated in the company's annual report that it contemplates the issuance on or before March 31, 1961 of a bond issue in an aggregate amount not to exceed $4,000,000. Proceeds — To finance river transportation equipment presently on order and expected to be ordered. Office—Cincinnati, Ohio.

Mississippi Business & Industrial Development Corp.
Nov. 28, 1960 it was reported that the company will issue $1,000,000 of $10 par common stock, of which $500,000 will be subscribed for by utility companies and $500,000 will be sold to business and industry and the general public. **Business**—To assist via loans, investments, and other business transactions, in the location and expansion of businesses in Mississippi.

Mississippi Power Co. (9/28)
Jan. 4, 1961 it was reported that this subsidiary of The Southern Co., plans to sell publicly $5,000,000 of 30-year bonds and $5,000,000 of preferred stock (par $100). **Proceeds**—For construction and expansion. **Office**—2500 14th St., Gulfport, Miss. **Underwriter**—To be determined by competitive bidding. Previous bidders for bonds were Eastman Dillon, Union Securities & Co., and Equitable Securities Corp. (jointly); Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc. Previous bidders for preferred stock included Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co., and Equitable Securities Corp. (jointly). **Bids**—Expected to be received on Sept. 28.

Monroe Mortgage & Investment Corp.
Dec. 12, 1960, Cecil Carbonell, Chairman, announced that this company is preparing a "Reg. A" filing covering 150,000 shares of common stock. **Price** — $2 per share. **Business**—The company is engaged in first mortgage financing of residential and business properties in the Florida Keys. **Proceeds**—To expand company's business. **Office**—700 Duval Street, Key West, Fla. **Underwriter**—None. **Offering**—Expected in January.

Montana-Dakota Utilities Co.
Dec. 1, 1960, F. R. Gamble, Treasurer, stated that company plans to sell $5,000,000 of preferred stock ($100 par), sometime in mid-January. On Dec. 13, stockholders voted to increase the authorized preferred. **Proceeds**—$3,000,000 will be used to repay bank loans and $2,000,000 will be added to working capital. **Office**—831 Second Ave., South, Minneapolis, Minn. **Underwriter**—A previous preferred issue was underwritten on negotiated basis by Blyth & Co., and Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Monticello Lumber & Mfg. Co.
Jan. 3, 1961 it was reported that this company plans a "Reg. A" filing later this month covering 75,000 shares of common stock. **Price** — $4 per share. **Proceeds** — For equipment, plan expansion and working capital. **Office** — Monticello, N. Y. **Underwriter** — J. Laurence & Co., Inc,. New York City.

• **National State Bank of Newark (N. J.)**
Jan. 10, 1961 stockholders approved the plan to offer holders of record on or about Jan. 26 the right to subscribe to 40,000 additional shares of capital stock (par $12.50) on the basis of one share for each 15 shares held. after giving effect to a 7.14% stock dividend. Rights will expire about Feb. 13. **Price**—$52 per share. **Proceeds**—To increase capital and surplus. **Office**—Newark, N. J. **Underwriter**—None.

Nedick's Stores, Inc.
Nov. 15, 1960 it was reported that a filing of approximately 17,000 shares of common stock is under discussion, but registration is not imminent. **Office**—513 W. 166th Street, New York City. **Underwriter**—Van Alstyne, Noel & Co., New York City.

New Orleans Public Service, Inc.
Nov. 10, 1960 it was reported that an issue of $15,000,000 of first mortgage bonds is expected in May, 1961. **Office**—317 Baronne St., New Orleans, La. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lee Higginson Corp., Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); Kidder, Peabody & Co. and Stone

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& Webster Securities Corp. (jointly); White, Weld & Co.; Salomon Brothers & Hutzler.

Northern Fibre Glass Co.
Sept. 28, 1960 it was reported that this company is planning to issue 100,000 shares of $1 par common stock under a letter of notification. **Office**—St. Paul, Minn. **Underwriter**—Irving J. Rice & Co., St. Paul, Minn.

Northern Illinois Gas Co.
Nov. 9, 1960 C. J. Gauthier, Vice-President-finance reported that of the $95,000,000 in outside financing that will be required in the next four years to complete a $200,000,000 construction program, an unspecified amount might be raised through a common stock issue in 1961. **Office**—50 Fox St., Aurora, Ill. **Underwriters**—The First Boston Corp. and Glore, Forgan & Co., New York, N. Y. (managing).

Northern States Power Co.
Jan. 10, 1961 it was reported that this company plans to sell $20,000,000 of bonds in the third quarter of 1961. **Offices**—15 So. La Salle Street, Chicago 4, Ill.; 15 So. Fifth Street, Minneapolis 2, Minn.; 111 Broadway, New York 6, N. Y. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith, Inc.; Kidder, Peabody & Co., and White, Weld & Co. (jointly); First Boston Corp. and Blyth & Co., Inc. (jointly).

● One Maiden Lane Fund, Inc.
Jan. 13, 1961 it was reported that registration is expected later this month of 300,000 shares of common stock. **Business**—This is a new mutual fund. **Proceeds**—For investment, mainly in listed convertible debentures and U. S. Treasury Bonds. **Office**—1 Maiden Lane, New York 38, N. Y. **Underwriter**—G. F. Nicholls Inc., 1 Maiden Lane, New York 38, N. Y.

Orange & Rockland Utilities, Inc. (4/20)
Jan. 6, 1961 it was reported that this company plans to sell $12,000,000 of first mortgage bonds, series G, due April 15, 1991. **Proceeds**—For redemption of $6,442,000 of first mortgage bonds, series B, due May 1, 1961; for repayment of bank loans and for construction. **Office**—10 North Broadway, Nyack, N. Y. **Underwriters**—To be determined by competitive bidding. Previous bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; W. C. Langley & Co., Glore, Forgan & Co. (jointly); First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc., Eastman Dillon, Union Securities & Co., Kidder, Peabody & Co., and White, Weld & Co. (jointly). **Bids**—Expected to be received on April 20.

Pacific Lighting Corp.
Jan. 3, 1961 it was reported by Paul A. Miller, Treasurer that the company will probably go to the market for $30,000,000 to $50,000,000 of new financing in 1961 and that it probably would not be a common stock offering. **Office**—600 California Street, San Francisco 8, Calif.

Panhandle Eastern Pipe Line Co.
Sept. 28, 1960 it was reported that $65,000,000 of debentures are expected to be offered in the second quarter of 1961. **Office**—120 Broadway, New York City. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc., and Kidder, Peabody & Co., both of New York City (managing)

Pennsylvania Power Co.
Dec. 14, 1960, it was reported that this company has applied to the SEC for an order under the Holding Company Act, authorizing the issuance of $878,000 of first mortgage bonds, 3¼% series, due 1982. **Proceeds**—For sinking fund purposes. **Office** — 19 E. Washington St., New Castle, Pa. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; White, Weld & Co.; Equitable Securities Corp., and Shields & Co. (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith Inc., and Dean Witter & Co. (jointly).

Peoples Gas Light & Coke Co.
Jan. 10, 1961 it was reported that this company plans to sell about $35,000,000 of first mortgage bonds in 1961. **Proceeds**—To retire maturing bonds and for construction. **Office**—122 So. Michigan Avenue, Chicago 3, Ill. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co.; First Boston Corp.

★ Portland Terminal Co.
Jan. 16, 1961 it was reported that the ICC exempted from competitive bidding, a proposed offering by company of $9,850,000 first mortgage 5¾% bonds due Feb. 1, 1986. **Proceeds**—The company will use $9,350,000 of the proceeds to pay at maturity $9,350,000 of first mortgage bonds due July 1, 1961. The balance of $500,000 will be paid to Maine Central RR., parent, for 7.098 miles of road acquired. **Office**—222 St. John Street, Portland, Maine. **Underwriter**—Coffin & Burr, Inc., Boston, Mass. **Offering**—Indefinitely postponed.

● Power Chem Industries
Oct. 18, 1960 it was reported that the company plans a "Reg. A" filing of 75,000 shares of common stock, constituting its first public offering. **Business**—The company is in the process of organizing and will manufacture additives for fuel oils. **Proceeds**—For expansion and general corporate purposes. **Office** — 645 Forrest Ave., Staten Island, N. Y. **Underwriter** — Ronwin Securities Inc., 645 Forrest Ave., Staten Island, N. Y. **Registration**—Indefinite.

Public Service Co. of Colorado
Dec. 2, 1960, W. D. Virtue, treasurer, stated that company plans the sale of about $20,000,000 of common stock to be offered stockholders through subscription rights in mid-1961. **Proceeds**—For expansion. **Office**—900 15th St., Denver, Colo. **Underwriter** — Last equity financing handled on a negotiated basis by First Boston Corp.

Public Service Co. of New Mexico
Jan. 10, 1961 it was reported that this company plans to sell $12,000,000 of first mortgage bonds in 1961 or 1962. **Office**—819 Simms Building, Albuquerque, N. Mex. **Proceeds**—To repay bank loans and for construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; J. G. White & Co. Inc.; Blyth & Co., Inc.; Kidder, Peabody & Co.; Glore, Forgan & Co.; First Boston Corp.; White, Weld & Co.; Salomon Bros. & Hutzler.

★ Public Service Electric & Gas Co.
Jan. 16, 1961 it was reported that this company expects to spend $150,000,000 on capital improvements in 1961, but has not made definite plans for the financing that will be required. However, it is possible that the company may sell common stock if market conditions are favorable. **Office**—80 Park Place, Newark, N. J. **Underwriter**—The last sale of common stock on Dec. 15, 1959 was handled by Merrill Lynch, Pierce, Fenner & Smith Inc., and associates.

★ Radiation Applications, Inc.
Jan. 17, 1961 it was reported that this company is considering a public offering of stock in 1962. **Business**—Develops plastic and chemical materials for the electronics and missile industries, and performs extensive research and development in the fields of atomic energy, extractive metallurgy, plastics, and electrical insulation. Schenley Industries, Inc., owns about 36% of the outstanding stock. **Office**—Long Island City, N. Y. **Underwriter**—To be named. Hayden, Stone & Co., New York, recently handled a private placement of the company's stock.

★ Random House, Inc.
Jan. 18, 1961 it was reported that a secondary offering of about 150,000 outstanding common shares is planned. **Business**—Publishes and distributes books. **Proceeds**—For the selling stockholders. **Office**—457 Madison Ave., New York City. **Underwriter**—Allen & Co., New York City (managing).

Rochester Gas & Electric Corp. (3/15)
Aug. 1, 1960 it was reported that $15,000,000 of debt financing is expected. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., White, Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co.; Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co., and Equitable Securities Corp. (jointly); Blyth & Co., Inc.; The First Boston Corp. **Bids**—Tentatively expected on March 15.

★ Rockland National Bank
Jan. 17, 1961 offered holders of capital stock of record Jan. 10 rights to subscribe for 39,126 additional shares at the rate of one new share for each seven shares held. Rights expire Feb. 6. **Price**—$20 per share. **Proceeds**—For capital funds. **Office** — Suffern, Rockland County, N. Y. **Underwriters** — M. A. Schapiro & Co., Inc., and Joseph Walker & Sons, both of New York City.

(Jos.) Schlitz & Co.
March 11 it was reported that a secondary offering might be made. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc. and Harriman Ripley & Co. Inc., both of New York City.

● Security National Bank of Long Island
Jan. 18, 1961 it was reported that the bank is offering 97,371 shares of common stock (par $5) to stockholders on the basis of one new share for each 10 shares held of record Jan. 17, with rights to expire Feb. 6. **Price**—$20 per share. **Proceeds** — To increase capital. **Office**—Huntington, N. Y. **Underwriter** — Bache & Co. (managing).

Silo's Discount House
Jan. 9, 1961 it was reported that this retail chain is contemplating its first public financing. **Office**—Philadelphia, Pa.

South Carolina Electric & Gas Co.
Nov. 14, 1960 C. M. Over, Treasurer, reported that this utility is tentatively planning to issue $8,000,000 of first and refunding mortgage bonds and $5,000,000 principal amount of a new series of preferred stock in March 1961. **Address**—P. O. Box 390, Columbia, S. C. **Underwriter**—To be determined by competitive bidding. Previous bidders for the company's bonds were First Boston Corp. and Lehman Brothers (jointly); Kidder, Peabody & Co.; Halsey, Stuart & Co. Inc.; and Eastman Dillon, Union Securities & Co. The last preferred offering was negotiated by Kidder, Peabody & Co.

Southern California Edison Co.
Jan. 4, 1961 it was reported that this company's 1961 capital budget totals $131,500,000 of which about half will be obtained from available funds and the remaining $65,000,000 raised through the sale of securities. The last sale of bonds, on Jan. 27, 1960 through Blyth & Co., Inc., New York, and associates, consisted of $30,000,000 first and refunding 5% issue, series L, due Feb. 1, 1985. The last sale of stock, on Jan. 20, 1959 through First Boston Corp., New York and associates, consisted of 500,000 shares of common (par $25). **Proceeds**—For expansion. **Office**—601 West Fifth St., Los Angeles 53, Calif.

Southern Electric Generating Co. (6/15)
Jan. 4, 1961 it was reported that this company, jointly owned by Alabama Power Co., and Georgia Power Co., both in turn controlled by The Southern Co., plans the public sale of $27,000,000 first mortgage bonds due June 1, 1992. **Proceeds**—For expansion. **Office**—600 North Eighteenth St., Birmingham 3, Ala. **Underwriters**—To be determined by competitive bidding. Previous bidders included Merrill Lynch, Pierce, Fenner & Smith Inc., and Blyth & Co., Inc., (jointly); Morgan Stanley & Co., White, Weld & Co., and Kidder, Peabody & Co., (jointly); Eastman Dillon, Union Securities & Co., Equitable Securities Corp. and Drexel & Co. (jointly); First Boston Corp.; and Halsey, Stuart & Co. Inc. **Registration**—Expected about May 8. **Bids**—To be received at 11 a.m. on June 15.

Southern Natural Gas Co.
Oct. 28, 1960 it was reported by Mr. Loren Fitch, company comptroller, that the utility is contemplating the sale of $35,000,000 of 20-year first mortgage bonds sometime in 1961, with the precise timing depending on market conditions. **Proceeds** — To retire bank loans. **Office**—Watts Building, Birmingham, Ala. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Blyth & Co. and Kidder, Peabody & Co. (jointly).

Southern Railway Co.
Nov. 21, 1960 stockholders approved the issuance of $33,000,000 of new bonds. The issuance of an unspecified amount of additional bonds for other purchases was also approved. **Proceeds** — For general corporate purposes, including the possible acquisition of Central of Georgia Ry. **Office**—Washington, D. C. **Underwriter**—Halsey, Stuart & Co. Inc., will head a group that will bid on the bonds.

Southwestern Public Service Co.
Aug. 9, 1960, it was reported that in February, 1961, the company expects to offer about $15,000,000 in bonds and about $3,000,000 in preferred stock, and that about one year thereafter a one-for-twenty common stock rights offering is planned, with the new shares priced about 6½% below the then existing market price of the common. **Office**—720 Mercantile Dallas Building, Dallas 1, Texas. **Underwriter**—Dillon, Read & Co., Inc.

★ Spiegel, Inc.
Jan. 17, 1961 it was reported that financing is being considered for this year, but details have not been decided upon. **Business**—The company is engaged in the sale of merchandise by mail, principally on a monthly payment basis. **Office**—1061 W. 35th St., Chicago 9, Ill. **Underwriter**—To be named. The last sale of securities consisted of $15,417,500 of 5% convertible debentures, due 1984, which were sold to stockholders through subscription rights in June 1959. The offering was underwritten by Wertheim & Co., New York.

Swift & Co.
Dec. 28, 1960 the company disclosed that it is considering the issuance of up to $35,000,000 of convertible debentures. Stockholders will vote Jan. 26 on increasing the authorized common stock from 6,000,000 to 8,000,000 shares to provide additional underlying shares for the proposed convertible issue. **Proceeds** — For expansion and working capital. **Office**—Union Stock Yards, Chicago 9, Ill. **Underwriter**—The last issue of 4¾% debentures on Oct. 29, 1958 was placed privately through Salomon Bros. & Hutzler, New York City.

Texas Gas Transmission Corp.
Jan. 11, 1961 it was reported that this company plans to sell $10,000,000 to $15,000,000 of bonds in the third quarter of 1961. **Office**—416 West Third Street, Owensboro, Ky. **Underwriter**—Dillon, Read & Co., New York City.

Traid Corp.
Jan. 4, 1961 it was reported that this company is contemplating some new financing. No confirmation was available. **Business**—The company specializes in airborne photo instrumentation and manufactures aircraft motion picture cameras and accessory items. **Office** — Encino, Calif. **Underwriter**—Previous financing was handled by D. A. Lomasney & Co., New York City.

● Tronomatic Corp.
Dec. 20, 1960, it was reported that a letter of notification consisting of 57,000 shares of common stock will be filed for the company. **Price**—$4 per share. **Proceeds**—For new product development and sales promotion. **Business**—The manufacture of plastic forming, molding and fabricating equipment. **Office** — 25 Bruckner Blvd., Bronx, N. Y. **Underwriter** — Plymouth Securities Corp., New York City. **Registration**—Expected in late January.

Trunkline Gas Co.
Sept. 28, 1960 it was reported that approximately $15,000,000 of bonds and $5,000,000 of preferred stock are expected to be offered in the second quarter of 1961. **Office**—120 Broadway, New York City. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc., and Kidder, Peabody & Co., both of New York City (managing).

Union Electric Co.
Dec. 2, 1960 it was reported that the utility has tentatively scheduled a preferred stock offering or a combination debt and preferred offering of about $30,000,000 for late 1961 or early 1962. **Proceeds**—For expansion of facilities. **Office** — 315 N. 12th Blvd., St. Louis, Mo. **Underwriter**—To be determined by competitive bidding. The last sale of preferred in November 1949 was underwritten by First Boston Corp.; Dillon, Read & Co., Lehman Brothers; White, Weld & Co. and Shields & Co. (jointly); and Blyth & Co. The last sale of bonds in September 1960 was bid for by Lehman Brothers, Blyth & Co. and Bear, Stearns & Co. (jointly); First Boston Corp. and Halsey, Stuart & Co. Inc.

★ Universal Oil Products Co.
Jan. 17, 1961 it was reported that this company may require financing either through bank borrowings or the sale of debentures in order to further expansion in a major field which the company would not identify. No decision has been made on whether the product, named "Compound X," will be produced. **Business**—The company is a major petroleum and chemical research and process development concern. **Office**—30 Algonquin Rd., Des Plaines, Ill. **Underwriter**—To be named. The company has never sold debentures before. However, the last sale of common stock on Feb. 5, 1959 was handled by Lehman Brothers, Smith, Barney & Co., and Merrill Lynch, Pierce, Fenner & Smith Inc., all of New York City.

Van Dusen Aircraft Supplies, Inc.
Nov. 1, 1960 it was reported that registration is expected in early January of a letter of notification covering 100,000 shares of this firm's $1 par common stock. **Proceeds** — For expansion. **Office** — Minneapolis, Minn. **Underwriter**—Stroud & Co., Philadelphia, Pa. **Registration**—Expected in mid-January.

● **Virginia Electric & Power Co. (6/13)**
Jan. 17, 1961 the company announced plans to sell $30,000,000 of first mortgage bonds. **Office**—Richmond 9, Va. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Eastman Dillon, Union Securities & Co.; Salomon Bros. & Hutzler; Goldman, Sachs & Co. **Bids**—Expected on or about June 13.

★ **Waldorf Auto Leasing Inc.**
Jan. 16, 1961 it was reported that this company plans a "Reg. A" filing covering 100,000 shares of common stock. **Price** — $3 per share. **Proceeds** — For general corporate purposes. **Office** — 2015 Coney Island Ave., Brooklyn, N. Y. **Underwriters**—Martinelli & Co.; V. K. Osborne & Sons, Inc.; First Atlantic Securities Co. **Registration**—Expected the week of Jan. 23-27.

★ **Washington Natural Gas Co.**
Jan. 16, 1961 it was reported that this company may raise about $4,000,000 in the spring of 1961 through bank loans, or a public offering of securities. **Office** — 1507 Fourth Ave., Seattle, Wash. **Underwriter**—The last public offering comprising common stock, was made in September 1958 through Dean Witter & Co., San Francisco.

● **Western Union Telegraph Co.**
Dec. 6, 1960 it was reported that this company filed a plan with the FCC to transfer its Atlantic cable system to a newly organized company, Western Union International, Inc. The plan provides for the issuance by Western Union International of $4,500,000 of senior 15-year debentures to be taken up or placed by American Securities Corp., New York. In addition, about $4,000,000 of subordinated debentures and 400,000 shares of class A stock would be offered to stockholders of Western Union Telegraph Co. American Securities Corp., would purchase from Western Union International about 133,000 additional shares of class A stock giving American Securities ownership of approximately 25% of the outstanding class A stock of WUI. In addition, Western Union Telegraph would purchase 250,000 shares of class B stock for $100,000. **Office**—60 Hudson St., New York. **Underwriter** — American Securities Corp. (managing). **Note**—Jan. 16, 1961 it was reported that $4,500,000 of senior 15-year debentures of Western Union International, Inc., had been placed privately through American Securities Corp.

Winter Park Telephone Co.
Jan. 5, 1961 it was reported that this company plans to sell about 33,000 additional common shares to stockholders on the basis of one new share for each three shares held. **Price**—About $40 per share. **Proceeds**—For expansion. **Office** — 132 East New England Avenue, Winter Park, Fla. **Underwriter** — None. **Registration** — Expected about March 15.

Wisconsin Power & Light Co.
Dec. 22, 1960, J. D. Howard, Vice-President, stated that this company will give consideration to some sort of stock financing in late 1961 or early 1962. The last sale of common stock was in May 1958 when common stockholders of record May 5 had rights to subscribe to 241,211 common shares at $26.25 a share on the basis of one share for each 12 shares held. The last sale of preferred was also in May 1958 when preferred stockholders had rights to buy 30,000 shares of 4.76% preferred ($100 par) at $100 a share. **Proceeds**—For expansion. **Underwriters** — The previous sale of common and preferred stocks was handled by Smith, Barney & Co., New York and Robert W. Baird & Co., Inc., Milwaukee (jointly).

Wisconsin Southern Gas Co.
Dec. 12, 1960 it was reported in a company prospectus that an undetermined amount of capital stock or bonds will be sold in 1961-1962. **Proceeds**—For the repayment of short-term bank loans incurred for property additions. **Office**—Sheridan Springs Road, Lake Geneva, Wis. **Underwriter** — The Milwaukee Co., Milwaukee, Wis. (managing).

Dealer Broker Literature

Continued from page 8

Henderson's Portion Pak—Memorandum — Hamilton Securities, Inc., 1604 A. Washington Ave., Miami Beach 39, Fla.

Hudsons' Bay Company — Analysis — James Richardson & Sons, Inc., 14 Wall St., New York 5, N. Y.

Huyck Corp. — Analysis — Frank Ginberg & Co., Inc., 25 Broad St., New York 4, N. Y.

Interstate Engineering — Bulletin — Dempsey-Tegeler & Co., 210 West Seventh St., Los Angeles 14, Calif.

KVP Sutherland Paper Company —Analysis—The Illinois Co., Inc., 231 South La Salle St., Chicago 4, Ill.

Lithium Corporation of America, Inc.—Analysis—John H. Kaplan & Co., 120 Broadway, New York 5, N. Y.

J. W. Mays—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Mountain Fuel Supply Company —Analytical brochure—The First Boston Corp., 15 Broad St., New York 5, N. Y.

New Mexico General Obligation Bonds—Brochure—Zahner & Co., Dwight Building, Kansas City 5, Mo.

Official Films, Inc. — Report — H. Hentz & Co., 72 Wall St., New York 5, N. Y. Also available are analyses of **Bausch & Lomb**, and **Standard Packaging Corp.**, and data on **Allegheny Power System, Potomac Electric Power, Baltimore Gas & Electric, New York State Electric & Gas**, and **Central Illinois Light.**

Oklahoma Gas & Electric Co.—Annual report — Oklahoma Gas & Electric Co., 321 North Harvey, Oklahoma City, Okla.

Philip Morris Inc.—Memorandum —R. W. Pressprich & Co., 48 Wall St., New York 5, N. Y. Also available is a memorandum on **Standard Oil Co.**

Photronics Corp. — Analysis — Cooley & Co., 100 Pearl St., Hartford 4, Conn.

Ralston Purina Co.—Discussion in current issue of "Investor's Reader"—Merrill Lynch, Pierce, Fenner & Smith, Incorporated, 70 Pine St., New York 5, N. Y. Also in the same issue are data on **Rayette Inc., International Silver Co., General Precision, Inc., International Salt Co., Brush Beryllium Co., Equity Corp., Hammond Organ Co., Pacific Power & Light Co., City Products Co., General Instrument Corp. and Georgia Pacific Plywood.**

SKF (Swedish Ball Bearing Co.) —Memorandum—Keon & Co., 618 South Spring St., Los Angeles 14, Calif.

Seeburg Corp.—Report—Theodore Arrin & Co., Inc., 82 Beaver St., New York 5, N. Y.

Specialty Electronics Development Corp. — Bulletin — America's Newest Companies, 600 Old Country Road, Garden City, N. Y.

Spencer Shoe Corp. — Report — Shearson, Hammill & Co., 14 Wall St., New York 5, N. Y.

Sprague Electric Co.—Analysis—Evans & Co., Inc., 300 Park Ave., New York 22, N. Y.

Standard Packaging — Report — Purcell & Co., 50 Broadway, New York 4, N. Y.

Standard Uranium Corporation—Bulletin—De Witt Conklin Organization, Inc., 120 Broadway, New York 5, N. Y.

Steinberg's Ltd.—Memorandum—Weinberg, Ost & Co., 237 W. 51st St., New York 4, N. Y.

Sterling Drug Co. — Analysis — Auerbach, Pollak & Richardson, 30 Broad St., New York 4, N. Y.

Technical Measurement Corp. — Memorandum—Pistell, Crow Inc., 50 Broadway, New York 4, N. Y.

Tenax, Inc. — Report — Bruns, Nordeman & Co., 115 Broadway, New York 6, N. Y.

Thrifty Drug Stores — Report — Arthur B. Hogan, Inc., 4404 Riverside Drive, Toluca Lake, Burbank, Calif.

Tidewater Oil — Memorandum — Pershing & Co., 120 Broadway, New York 5, N. Y.

United Airlines—Review—Gerald S. Colby, 31 Milk St., Boston 9, Mass. Also available is a review of **S. S. White Dental.**

United States Freight Co. — Analysis — Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is an analysis of **Torrington Co.** and of the **Savings and Loan Industry.**

Wilcox Gay Corporation—Report — Webber-Simpson & Co., 208 South La Salle St., Chicago 4, Ill.

Wise Homes, Inc. — Analysis — R. S. Dickson & Co., Inc., Wachovia Bank Building, Charlotte 2, N. C. Also available is a report on **Fair Lanes, Inc.**

Gibraltar Secs. Opens

LOS ANGELES, Calif.—Gibraltar Securities Company has been formed with offices at 201 Levering Avenue, Westwood Village, to engage in a securities business. Salim S. Aizer is sole proprietor.

Now With Taussig, Day

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Francis B. Krueger has become associated with Taussig, Day & Co., Inc., 509 Olive Street, members of the Midwest Stock Exchange. He was formerly an assistant cashier with Reinholdt & Gardner.

Edw. D. Jones Adds

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Robert C. Camp has been added to the staff of Edward D. Jones & Co., 300 North Fourth Street, members of the New York and Midwest Stock Exchanges.

With Fusz-Schmelzle

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Marshall D. Bush is now connected with Fusz-Schmelzle & Co., Inc., 522 Olive Street, members of the New York and Midwest Stock Exchanges.

Great Western Financial

LOS ANGELES, Calif. — Great Western Financial Corp. has been formed with offices at 4401 Crenshaw Boulevard to engage in a securities business. Officers are Warren L. Pierson, Chairman of the Board; John F. Marten, President; James C. Greene, Vice-President and Secretary; and Monroe Morgan, Vice-President, Assistant Secretary and Treasurer.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C. — President Eisenhower goes out of office as a very popular Chief Executive. Only history will determine just how good he was as the 34th President.

Gen. Eisenhower moved into the White House eight years ago with a determination to cut spending and reduce the national debt. The 1952 Republican platform said very simply: "Our goal is a balanced budget."

Unfortunately, although it cannot all be blamed on Mr. Eisenhower, his Administration increased the public debt by billions rather than reducing the debt and cutting taxes. Perhaps if he had had a conservative, Republican-controlled Congress he might have been able to prevent a higher debt and, even reduced it. That, however, is a moot question.

Even with a Democratic Congress in control all but two years, Mr. Eisenhower could have at least had a balanced budget, even though nothing was paid on the national debt. While it is a lot easier said than done, nevertheless, had President Eisenhower been a stern task master from the White House during his eight years in office, the debt would not have risen.

Sure there were crises, along with increases and thaws in the cold war. There will be crises during the next four years of the Kennedy Administration, too. The cold war apparently is going to continue for years to come.

Budget Outlook

The retiring President's last big official act, submission of the new budget to Congress, estimates budget receipts of $82.3 billion in fiscal 1962 starting July 1. It is based on the hope and belief for higher production, employment, and income as the calendar year of 1961 moves along. We hope sincerely his economic advisers prove correct.

Of course, his estimated budget receipts of $82.3 billion, as compared with estimated receipts of $79 billion for the 1961 fiscal year, is based on the extension for another year of the corporate and excise taxes which are scheduled to end July 1, plus some new taxes like an increase in postal rates at the rate of $843,000,000 a year. He asks, and President Kennedy concurs, that the Federal gasoline tax be raised to 4½ cents a gallon. Mr. Eisenhower also recommended, in accordance with the wishes of the Treasury Department, that Congress repeal the pending diversion of excise taxes from the general fund to the highway fund. A substantial part of the excise taxes placed on motor veicles, or motor vehicle operation goes to the general fund.

On July 1 of this year the excise tax rates scheduled for reduction include those on passenger automobiles, automobile parts and accessories, cigarettes, beer, wine, and liquor, and passenger transportation and a 10% tax on general telephone service.

There is no doubt that these taxes will be extended after some pro and con debate. The Federal Treasury would lose $3.7 billion on an annual basis if these taxes were permitted to expire. These taxes are so-called "temporary" taxes. But this is a misnomer. The taxes further prove that it is easier to get a tax levied than it is to get it repealed.

The budget message recommended that the excise tax rate on aviation gasoline be increased from 2 to 4¼ cents per gallon; place the same excise tax on jet fuels, now untaxed. The Eisenhower message declares that the Federal gasoline tax should be raised and continued in effect until 1972.

The year 1972 is supposed to be the date that the great 41,000 mile Interstate Road program will be completed. The proposed gas tax increase will run into trouble on Capitol Hill again this year as it did in 1960. The various states are already crying, and rightfully so, that the Federal Government is taking most of their sources of revenue.

For fiscal 1962 it is estimated that 55% of all the Federal tax revenue will come from individual income taxes, 25% from corporation income taxes, 12% from excise taxes and 8% from other sources.

Defense Costs

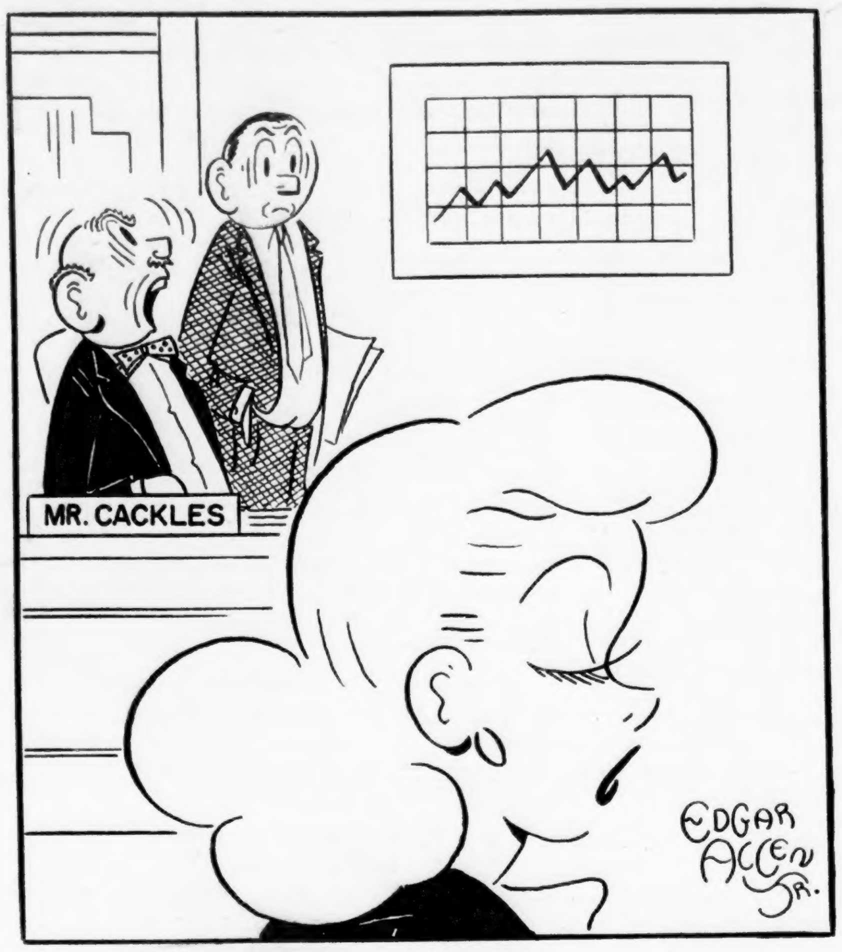
Most of the proposed expenditures will be devoted to national security. Thus, the Pentagon either directly or indirectly will be spending most of the tax money during the next fiscal year. The interest on our national debt will absorb 11% of the tax revenues, veterans activities 6%, agriculture 6%, and other things like salaries of Federal employes 19%, public works, foreign assistance or mutual assistance as some people in high places prefer to call it.

Once again Mr. Eisenhower urged the Democratic Congress, as it should have done two years ago, to remove the 4¼% statutory limit on Treasury bonds. The ceiling unquestionably is a barrier to extending the public debt. Unless Congress does remove the ceiling, the Treasury might have to issue some additional notes bearing interest rates of up to 5% in the years ahead.

Although interest rates have declined in recent months, the rates can quickly ascend. Perhaps most qualified bond men would agree that the Federal Government's marketable debt is too heavily concentrated in securities of short maturity. Mr. Eisenhower emphasized this point when he said that nearly 80% of the total securities outstanding will come due within the next five years. This means that the Treasury Department is going to have to go to the money market fairly often between now and 1966.

Mr. Eisenhower, campaigning in 1952 made a firm pledge: "My goal," he said, assuming that the cold war gets no worse, "is to cut Federal spending to something about $60 billion within four years."

Because the Democratic-controlled Congress voted expenditures for things he did not recommend, and because he did not veto more of the expenditures, Congress has been called upon to raise the debt limit three times during his eight years in office. It will again be necessary for Congress to provide a temporary increase in the debt limit in 1962. The present $293 billion limit expires June 30 of this year.



"Now she wants a bonus for getting to work on time!"

Heavy Missile Expenditures

Mr. Eisenhower recommended a defense outlay of $41.8 billion, or nearly a billion more than he recommended just a year ago. If the taxpayers did not have to shoulder such a huge amount designed to provide peace, they would not have to put out so much of their salaries, wages and dividends for military strength. Today about one-third of everybody's income is devoted to taxes, and taxes are going up and up all the time either locally, state or national.

"Expenditures in 1962 are estimated at $42.9 billion, which is $1.4 billion more than the estimate for the current fiscal year," said the one-time supreme commander of the Allied Forces, in Europe. "This increase reflects, in part, certain steps recently taken to increase the readiness of our military commands.

". . . Just a few years ago the United States was programming twice as much money for manned bomber systems as for strategic missile systems. The budget for the coming fiscal year, by contrast, programs more than four times as much for strategic missile systems as for manned bomber systems."

The budget provides for a total strength of 2,492,000 men and women on June 30, 1962. This is the same estimated figure of manpower for the end of the current fiscal year. The active forces include 14 Army divisions and 870,000 men; a Navy of 817 ships and 625,000 men; a Marine Corps of three divisions and three aircraft wings with 175,000 men, and an Air Force of 84 combat wings and 822,900 men.

Of marked importance to the nation's great cities and sprawling metropolitan areas are the recommendations of the White House to step up urban planning and development such as mass transit planning and express highways to the outlying communities from the central cities, among other things.

Wants Higher Savings & Loan Corporation Reserves

Again Mr. Eisenhower made a recommendation to provide increases in the insurance reserve of the Federal Savings and Loan Insurance Corp. Because of the rapid growth of these institutions, which supply the largest source of home mortgage financing, the President's message said: ". . . The corporation's reserves are still only 0.66% of the insured liability, and legislation is even more necessary now. Therefore, it is recommended that the present unnecessarily high requirement for investment in stock of the Federal Home Loan banks be reduced, and that insured savings and loan associations be required to make additional prepayments of insurance premiums of approximately the amounts of that reduction.

"The objective should be to build up the secondary reserves of the corporation, by adding an extra $164,000,000 in 1962. It would not significantly increase the costs to member associations, but would allocate more realistically the combined resources of the Home Loan banks and the Corporation."

During the next fiscal year the Federal Housing Administration expects to increase its commitments to insure mortgages from about 800,000 housing units to more than 900,000 units.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

COMING EVENTS

IN INVESTMENT FIELD

Jan. 20, 1961 (Baltimore, Md.)
Baltimore Security Traders Association annual mid-winter dinner at the Southern Hotel.

Jan. 30, 1961 (Chicago, Ill.)
Security Traders Association of Chicago annual Mid-Winter Dinner at the Guildhall of the Ambassador Hotel.

Feb. 16, 1961 (Chicago, Ill.)
Investment Analysts Society of Chicago forum on economic methods.

Feb. 24, 1961 (Houston, Tex.)
Stock & Bond Club of Houston annual field day at the Champions Golf Club.

March 9, 1961 (Chicago, Ill.)
Investment Analysts Society Mid-west Forum.

April 7, 1961 (New York City)
New York Security Dealers Association annual dinner at the Hotel Commodore.

April 12-13-14, 1961 (Houston, Tex.) Texas Group Investment Bankers Association annual meeting at the Shamrock Hilton Hotel.

May 1-3, 1961 (Philadelphia, Pa.)
National Association of Mutual Savings Banks 41st annual conference at the Penn-Sheraton Hotel.

June 22-25, 1961 (Canada)
Investment Dealers Association of Canada annual meeting at Jasper Park Lodge.

Oct. 15-18, 1961 (San Francisco, Calif.)
American Bankers Association annual convention.

Oct. 16-20, 1961 (Palm Springs, Calif.)
National Security Traders Association Annual Convention at the Palm Springs Riviera Hotel.

Nov. 26-Dec. 1, 1961 (Hollywood, Fla.)
Investment Bankers Association Annual Convention at Hollywood Beach Hotel.